

Huntsville Business Leaders Forecast Growth

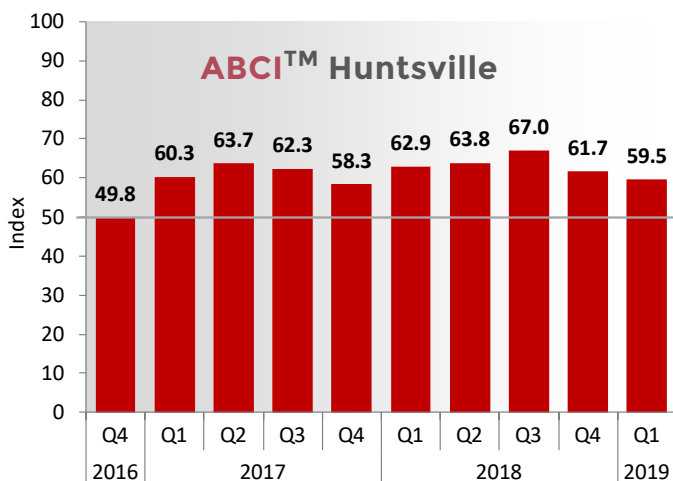
Since the first quarter of 2017, Huntsville's ABCI has not dropped below 58, indicating nine quarters of sustained high expectations for growth. Huntsville's ABCI registered at 59.5, indicating moderately strong confidence moving into Q1 2019 despite a 2.2-point decrease in the metro's index. This forecast was driven by optimistic forecasts for growth in industry hiring and improved statewide economic conditions, though Huntsville had the highest component indexes of all the metros in all but two categories.

Though the Huntsville sales index decreased 4.3 points, it still registered at a moderately confident 57.6 in the Q1 2019 survey. Only 18.2 percent forecast a decrease in sales in the first quarter, while 48.5 percent still anticipate heightened sales, and 33.3 percent expect a continuation of the previous quarter's levels.

Profits are expected to grow with moderate confidence after a 2.7-point decrease to 56.8. About 45.5 percent of Huntsville's panelists expect an increase in Q1 2019, while 39.4 percent forecast a continuation of the fourth quarter's levels of profits. The remaining 15.2 percent of the metro's respondents anticipate a decrease in profits compared to Q4 2018.

Hiring is forecast to continue increasing in the upcoming quarter with a very optimistic index of 62.9 after a 1.6-point increase. A 57.6-percent majority of Huntsville businesses foresee an increase, and only 9.1 percent expect hiring to slow in the first quarter. The remaining third of metro panelists expect to hire at the same pace as Q4 2018.

The capital expenditures index decreased 6.3 points to a moderately confident 56.8 moving into Q1 2019. About 15.2 percent of Huntsville panelists forecast a decrease in capital spending in the coming quarter. The remaining 84.8 percent of panelists were equally split: half expect their capital expenditures to increase and half anticipate a continuation of the fourth quarter's pace.



First Quarter 2019 Outlook

	Huntsville	Alabama
ABCI	59.5	56.4
National Economy	56.8	53.3
Alabama Economy	65.9	59.2
Industry Sales	57.6	56.1
Industry Profits	56.8	53.9
Industry Hiring	62.9	59.2
Capital Expenditures	56.8	57.0

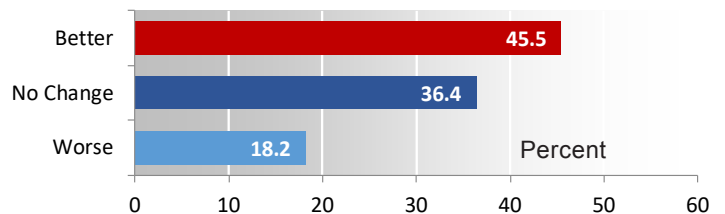
Index above 50 indicates positive outlook as compared to last quarter. Index below 50 indicates negative outlook as compared to last quarter. **Gray** increase from previous quarter. **Red** decrease from previous quarter. **Blue** no change.

Huntsville Metro Area: Business Environment Expectations Q1 2019 compared to Q4 2018

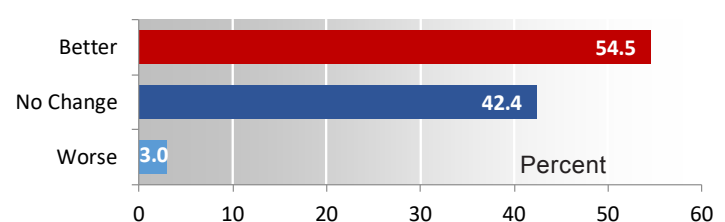
Huntsville's Alabama Economic Outlook decreased 0.2 points to hover at a very optimistic 65.9 for the first quarter. At 54.5 percent, the majority of panelists expect a better Alabama economic outlook in Q1 2019, 42.4 percent expect no change, and only 3.0 percent of respondents expect a worse statewide economy compared to Q4 2018.

Panelists are feeling moderately confident about improved conditions in the national economy with an index of 56.8 after decreasing 1.5 points from the Q4 2018. About 45.5 percent of Huntsville business professionals expect better conditions in the first quarter of 2019; 36.4 percent forecast no change; and 18.2 percent anticipate worse national conditions compared to the fourth quarter of 2018.

National Economic Outlook

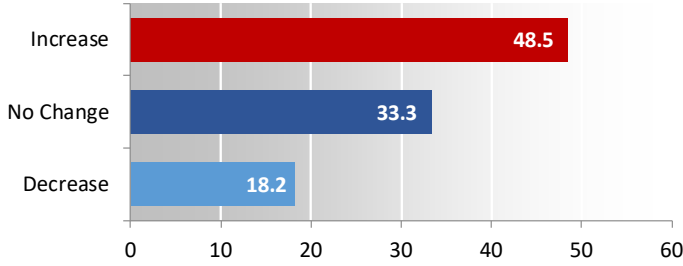


Alabama Economic Outlook

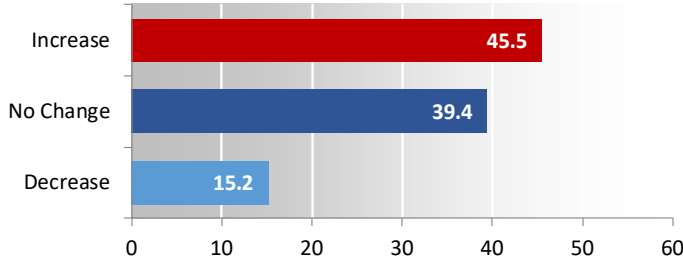


**Huntsville Metro Area:
Industry Performance Expectations**
Q1 2019 compared to Q4 2018

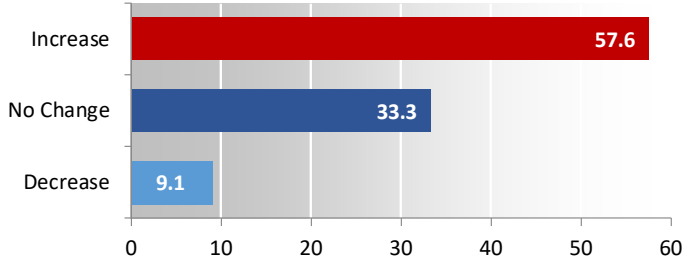
Sales



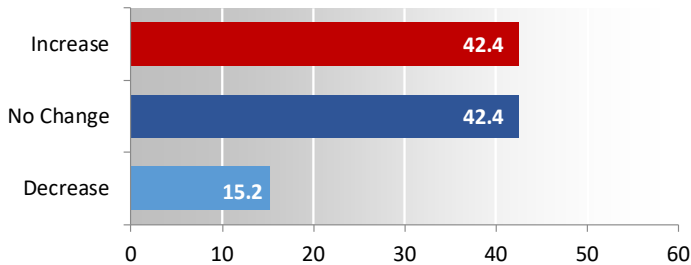
Profits



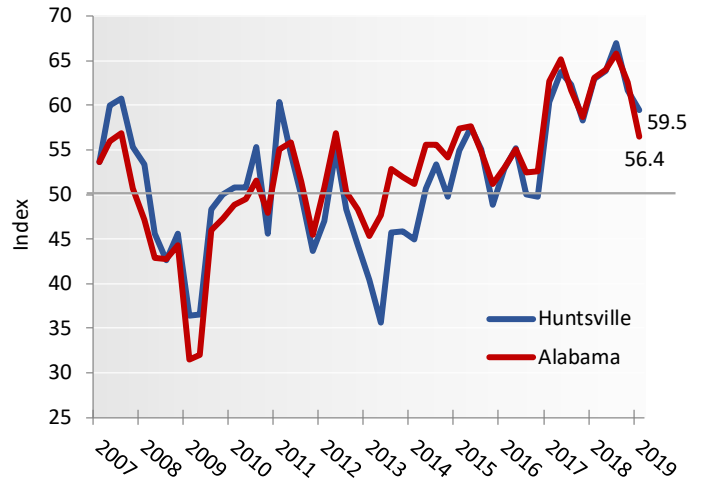
Hiring



Capital Expenditures



Historical ABCI
Q1 2007 through Q1 2019

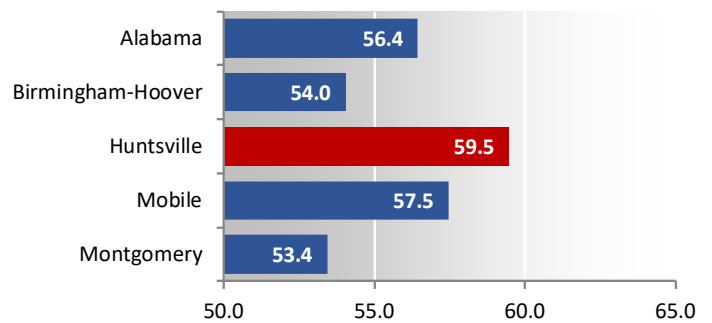


ABCI Huntsville in Context

After decreasing 2.2 points, ABCI Huntsville registered at 59.5, indicating fairly strong business sentiment. Panelists in the metro area are feeling optimistic about growth in all areas of the survey with especially strong confidence in the statewide economy and hiring. This is the 9th consecutive quarter that Huntsville business executives have predicted positive growth in the economy. Though confidence has decreased compared to 2018's levels, this quarter's positive expectations for growth are building on a very strong foundation.

Although all the metro area ABCIs decreased this quarter, each continues to anticipate growth in the coming quarter. Huntsville is expecting growth with the most confidence with an area index of 59.5. Mobile followed with an ABCI of 57.5, still communicating moderate confidence in increased growth compared to Q4 2018. Birmingham-Hoover and Montgomery's forecasts are less confident with ABCIs of 54.0 and 53.4, respectively, communicating mild confidence in improving economic conditions.

ABCI by Metro Area Q1 2019



The Center for Business and Economic Research would like to thank all Huntsville metro area business executives who completed the first quarter 2019 ABCI survey. We look forward to a continuing partnership with the Huntsville Area Chamber of Commerce and encourage you to return for the second quarter 2019 survey March 1-15.

For more details on the Alabama Business Confidence Index™, visit cber.cba.ua.edu/ABCI.
Analysis provided by Susannah Robichaux, Socioeconomic Analyst.