Huntsville Business Leaders Forecast Growth with Strong Confidence

Huntsville’s business confidence is high moving into the second quarter of 2019, registering at 66.8 after a 7.4-point increase from Q1 2019. Most of the metro’s component indexes are very optimistic: five out of the six registered above 66, indicating strong confidence in growth compared to the previous quarter. Huntsville had the highest ABCI of all the metros and the highest component indexes in sales, hiring, and capital expenditure.

For the second quarter of 2019, Huntsville’s sales index increased by 14.4 points to register at a very confident 71.9. At 75.5 percent, a large majority of business leaders expect an increase in sales this quarter. About 20.4 percent feel that there will be no change compared to the previous quarter, and 4.1 percent expect a decrease in sales in Q2 2019.

Business leaders expect an increase of Q1 2018’s level of profits with an index of 67.9 after an 11.0-point gain. A 61.2-percent majority of business leaders in Huntsville forecast higher profits this quarter, while 4.1 percent anticipate decreased profits compared to Q1 2019. The remaining 34.7 percent expect that profits will remain the same as the previous quarter.

With a hiring index of 66.3 after a 3.4-point decrease, Huntsville businesses are continuing to forecast increased hiring with strong confidence in Q2 2019. About 63.3 percent of business leaders plan to increase hiring; 32.7 percent expect to continue hiring at the same pace as the previous quarter; and 4.1 percent anticipate slowing their hiring compared to Q1 2019.

Huntsville business leaders are very optimistic that capital spending will grow in Q2 2019 with an index of 68.4 after a 11.5-point increase from Q1 2019’s higher index. Only 2.0 percent of area panelists expect a decrease in their capital spending while 61.2 percent forecast an increase this quarter. About 36.7 expect no change in their capital expenditure from Q1 2019.

Second Quarter 2019 Outlook

<table>
<thead>
<tr>
<th></th>
<th>Huntsville</th>
<th>Alabama</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABCI</td>
<td>66.8</td>
<td>64.8</td>
</tr>
<tr>
<td>National Economy</td>
<td>57.1</td>
<td>60.0</td>
</tr>
<tr>
<td>Alabama Economy</td>
<td>69.4</td>
<td>67.3</td>
</tr>
<tr>
<td>Industry Sales</td>
<td>71.9</td>
<td>68.5</td>
</tr>
<tr>
<td>Industry Profits</td>
<td>67.9</td>
<td>65.5</td>
</tr>
<tr>
<td>Industry Hiring</td>
<td>66.3</td>
<td>63.1</td>
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<tr>
<td>Capital Expenditures</td>
<td>68.4</td>
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</tr>
</tbody>
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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 Q2 2019 compared to Q1 2019

Huntsville’s index for the U.S. economy remained confident, increasing 0.3 points to reach 57.1 in Q2 2019. At 42.9 percent, many Huntsville business leaders anticipate a continuation of the previous quarter’s conditions, and 40.8 percent anticipate better economic conditions in the coming quarter. The remaining 16.3 percent anticipate worse national economic conditions compared to Q1 2018.

Huntsville’s outlook for the Alabama economy remained very confident this quarter, registering at 69.4 after increasing 3.5 points from Q1 2019. A 65.3-point majority of Huntsville business leaders forecast better statewide economic conditions this quarter, and only 6.1 percent anticipate worse economic conditions in Alabama compared to Q1 2019. About 28.6 percent expect statewide economic conditions to stay the same as Q1 2019.
Huntsville Metro Area: Industry Performance Expectations
Q2 2019 compared to Q1 2019

Sales
Increase 75.5%
No Change 20.4%
Decrease 4.1%

Profits
Increase 61.2%
No Change 34.7%
Decrease 4.1%

Hiring
Increase 63.3%
No Change 32.7%
Decrease 4.1%

Capital Expenditures
Increase 61.2%
No Change 36.7%
Decrease 2.0%

The Center for Business and Economic Research would like to thank all Huntsville metro area business executives who completed the second 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 third quarter 2019 survey June 1-15.

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