

Birmingham-Hoover Business Confidence Rises

The Birmingham-Hoover ABCI continued its general upward trend in the second quarter of 2011, increasing 2.1 points to 54.3. Area business executives remain optimistic that the metro economy is slowly regaining strength, as all components of the index moved above 50, indicating expansion. In keeping with historical trends, area business confidence trailed the statewide index slightly, as well as the indexes of the other three major metro areas.

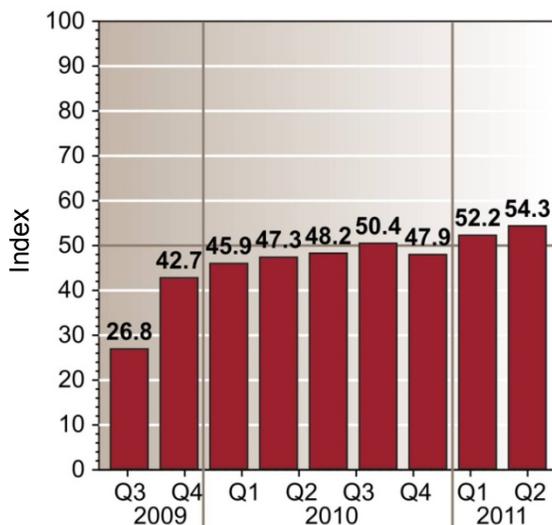
Sales are expected to see the strongest gains of any index component; 51.8 percent of area panelists expect an increase in sales, while only 15.7 percent forecast a decrease. Similarly, growth in profits is expected by 43.4 percent of respondents, with 26.5 percent anticipating a decrease. Expectations for hiring and capital expenditures are more moderate, with the majority expecting no change. At 50.6 indexes for these two components still indicate slight expansion.

Industry outlooks are mixed, with executives in transportation, information, and utilities; finance, insurance, and real estate; and retail trade the most optimistic. Firms in professional, scientific, and technical services and manufacturing hold the most negative expectations for the second quarter, with especially low forecasts for sales and profits in manufacturing.

Second Quarter 2011 Outlook		
	Birmingham-Hoover	Alabama
ABCI	54.3	55.8
National Economy	54.2	53.6
Alabama Economy	57.2	57.3
Industry Sales	59.6	61.9
Industry Profits	53.6	55.8
Industry Hiring	50.6	53.1
Capital Expenditures	50.6	53.1

Index above 50 indicates expansion.
Index below 50 indicates contraction.
Black increase from previous quarter.
Red decrease from previous quarter. **Blue** no change.

ABCI Birmingham-Hoover

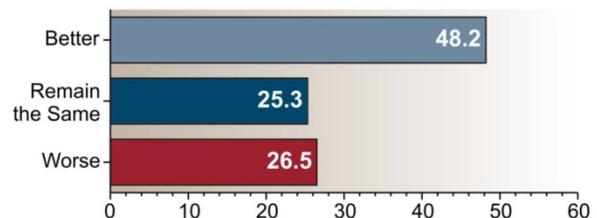


Birmingham-Hoover Metro Area:

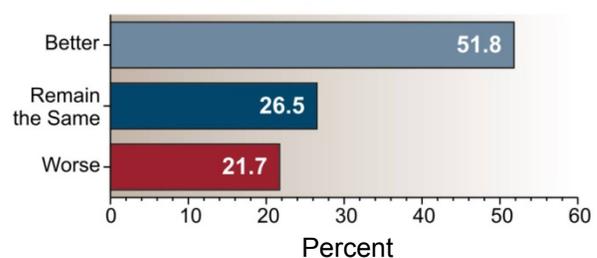
Business Environment Expectations Q2 2011 compared to Q1 2011

Expectations for the U.S. and Alabama economies are relatively strong, as many in the Birmingham-Hoover area foresee continued improvement. The Alabama outlook index registered 57.2, while the national outlook was slightly lower at 54.2.

National Economic Outlook



Alabama Economic Outlook

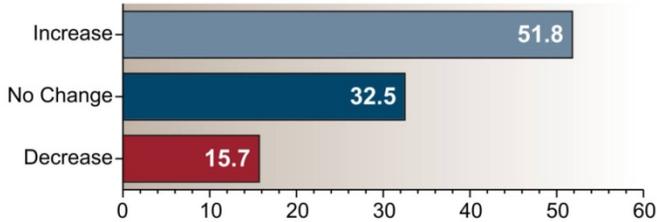


Birmingham-Hoover Metro Area:

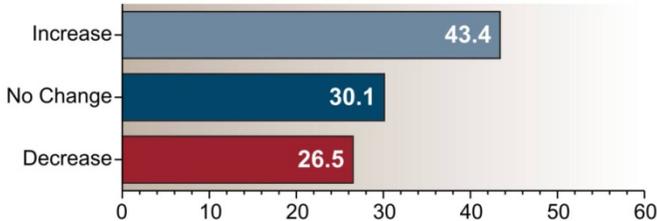
Industry Performance Expectations

Q2 2011 compared to Q1 2011

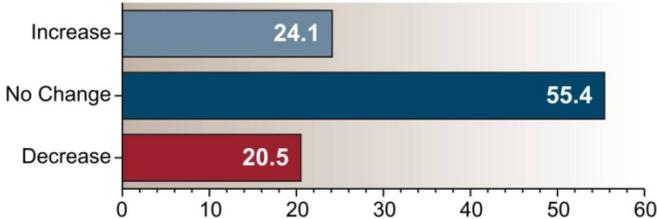
Sales



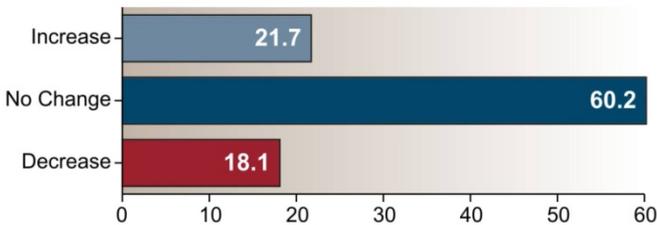
Profits



Hiring Plans



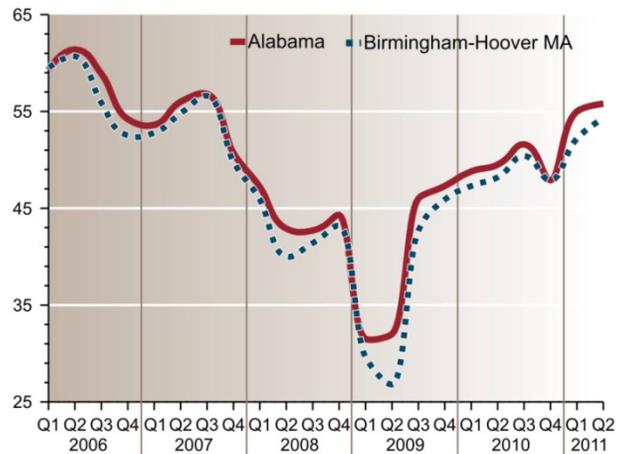
Capital Expenditures



Percent

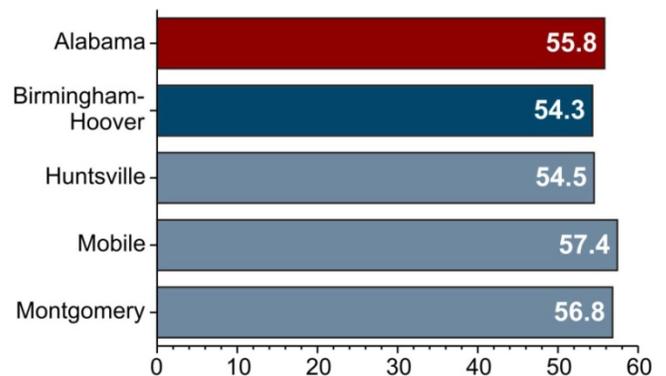
ABCI Birmingham-Hoover in Context

ABCI Birmingham-Hoover has continued to rebound from a bottom of 26.8 in second quarter 2009, staying in positive territory for three of the last four quarters. The index of 54.3 in second quarter 2011 is the highest since 2007, before the recession began. Most expect the local, state, and national economies to continue to slowly recover.



While labor markets and business investment still struggle to improve significantly, there is optimism regarding other business indicators in the Birmingham-Hoover metro area. Most industries expect slight growth in the second quarter of 2011.

ABCI by Metro Area Q2 2011



The Center for Business and Economic Research would like to thank all Birmingham-Hoover metro area business executives who completed the second quarter 2011 ABCI survey during the first two weeks of March. We look forward to a continuing partnership with the Birmingham Business Alliance and encourage you to return for the third quarter 2011 survey June 1-15. For more details on the *Alabama Business Confidence Index™*, visit cber.cba.ua.edu/ABCI. Analysis provided by Jonathan Law, Research Associate.