

## Huntsville Area Business Optimism Weakens; Index Still Indicates Expansion

All components of the Huntsville ABCI decreased between first and second quarter 2011, with the overall index falling 5.8 points to 54.5. Concerns about passage of and cuts to the federal budget, which fuels much business activity in the metro, could be dampening confidence among area executives this quarter. While below the state's ABCI, and third highest of the four major metros, the Huntsville index remained in positive territory, indicating an expanding economy.

The outlook for sales is especially strong, with 52.9 percent of area panelists expecting an increase in sales this quarter and only 18.6 percent forecasting a decrease. Profits should also show improvement, with 45.7 percent anticipating an increase, and a component index of 55.0. Half of respondents expect hiring and capital spending to remain unchanged, but these indexes still indicate slight growth across the board, at 53.9 and 51.8, respectively.

Leaders in most industries hold a positive outlook for the area's business climate in the second quarter, with the professional, scientific, and technical services industry the notable exception. Its index of 47.8 pulled down the Huntsville metro's overall ABCI significantly.

Second Quarter 2011 Outlook		
	Huntsville	Alabama
<b>ABCI</b>	<b>54.5</b>	<b>55.8</b>
National Economy	50.0	53.6
Alabama Economy	55.4	57.3
Industry Sales	60.7	61.9
Industry Profits	55.0	55.8
Industry Hiring	53.9	53.1
Capital Expenditures	51.8	53.1

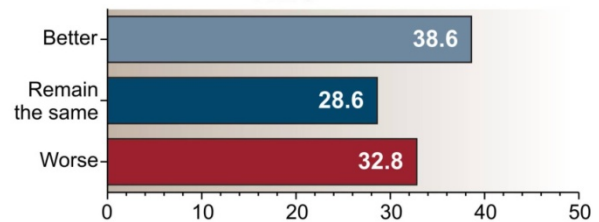
Index above 50 indicates expansion.  
Index below 50 indicates contraction.  
**Black** increase from previous quarter.  
**Red** decrease from previous quarter. **Blue** no change.

## Huntsville Metro Area:

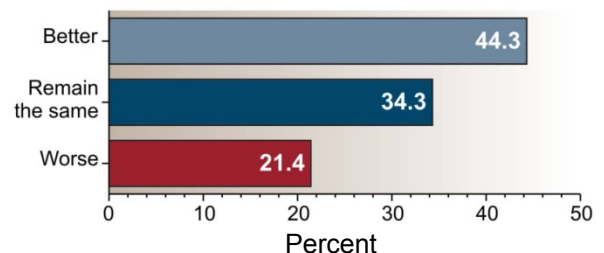
### Business Environment Expectations Q2 2011 compared to Q1 2011

Huntsville business leaders as a whole expect the Alabama economy to expand this quarter, but believe the national economy will be stagnant. The Huntsville indexes for the state and national economies registered 55.4 and 50.0, respectively.

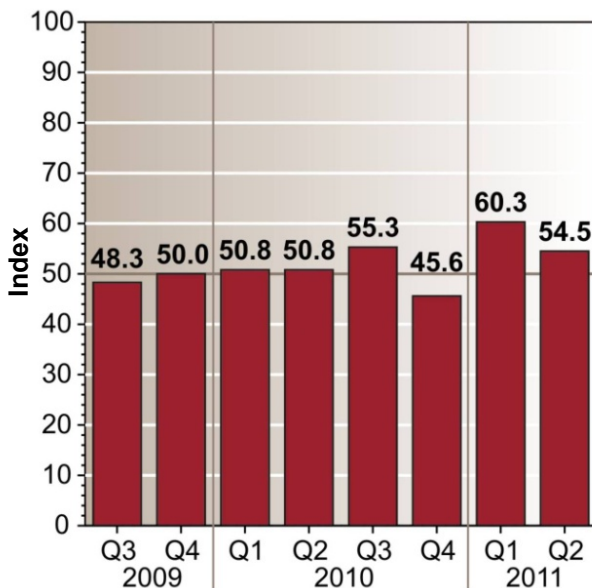
### National Economic Outlook



### Alabama Economic Outlook



### ABCI Huntsville

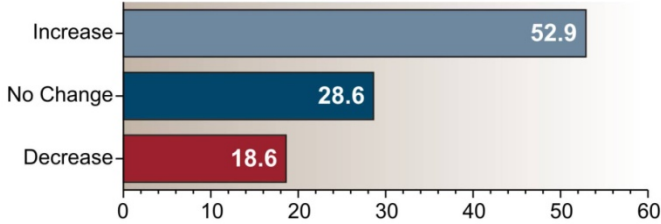


*Huntsville Metro Area:*

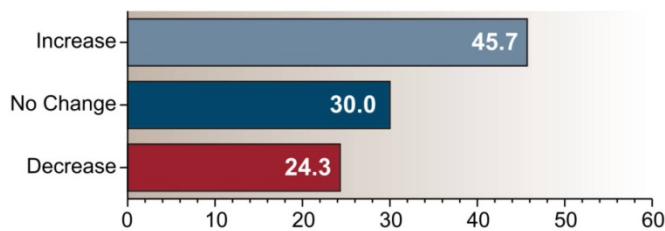
**Industry Performance Expectations**

**Q2 2011 compared to Q1 2011**

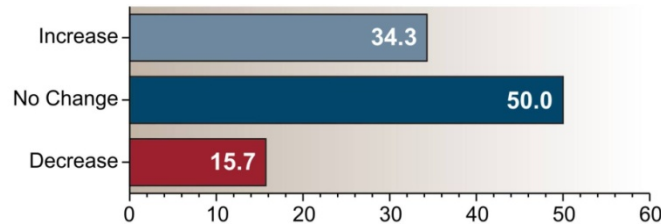
**Sales**



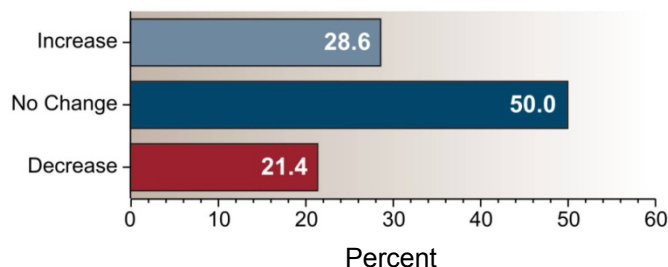
**Profits**



**Hiring Plans**

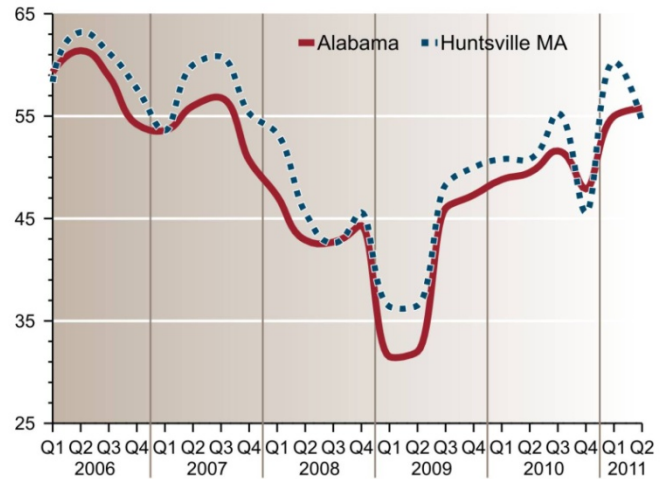


**Capital Expenditures**



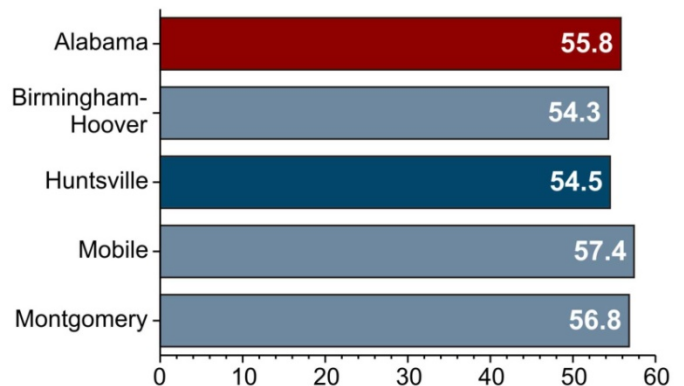
**ABCI Huntsville in Context**

ABCI Huntsville fell back below the state's ABCI of 55.8 in the second quarter. While traditionally higher than the state's, Huntsville's reading of 54.5 was lower for the second time in three quarters. However, the Huntsville index has yet to slip back into negative territory, where it was for most of the recession.



While uncertainty over the federal budget appears to have moderated expectations for the second quarter, Huntsville business executives still expect the local economy to expand. A slowly improving economy statewide and a traditionally strong local economy should bode well for local economic indicators going forward into the second half of 2011.

**ABCI by Metro Area Q2 2011**



The Center for Business and Economic Research would like to thank all Huntsville 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 Huntsville Chamber of Commerce 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](http://cber.cba.ua.edu/ABCI). Analysis provided by Jonathan Law, Research Associate.



Produced in partnership with the

