More Stable Business Environment Boosts Huntsville ABCI

Huntsville area business confidence remains in solidly positive territory, despite a 2.4 point decline to 55.1. This is the second highest value since first quarter 2012 and compares to a confident outlook of 53.4 a year ago. Every component of the ABCI is now 50 or higher.

Sales should hold steady or improve at most Huntsville businesses. The sales index lost one point but remains very optimistic at 60.3. Almost 80 percent of panelists expect to see the same or higher sales and just under 21 percent anticipate a decrease. At 57.4, the profits index is up 3.8 points and suggests further improvement. About 82 percent of panelists expect profits to remain the same or increase relative to second quarter earnings and only 18 percent forecast a decrease from last quarter.

Job growth will likely continue in the Huntsville metro area. The hiring index lost six points but remains positive at 52.9; over 82 percent of firms plan to maintain or increase hiring, while less than 18 percent expect to hire at a slower rate than last quarter. Increased capital investment is not indicated, however, as evidenced by this quarter’s neutral reading of 50.0.

Huntsville area wholesalers are the most optimistic this quarter and the most likely to add jobs and see increased sales and profits despite concerns about capital spending growth. Sales and profits should also pick up among firms in financial activities, health care, and professional services businesses. Manufacturing is Huntsville’s most pessimistic sector. Manufacturers have low expectations for profits, hiring, and capital spending; and are only neutral on the possibility of better sales.

### Third Quarter 2015 Outlook

<table>
<thead>
<tr>
<th>ABCI</th>
<th>Huntsville</th>
<th>Alabama</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Economy</td>
<td>52.2</td>
<td>50.7</td>
</tr>
<tr>
<td>Alabama Economy</td>
<td>58.1</td>
<td>56.6</td>
</tr>
<tr>
<td>Industry Sales</td>
<td>60.3</td>
<td>58.3</td>
</tr>
<tr>
<td>Industry Profits</td>
<td>57.4</td>
<td>55.7</td>
</tr>
<tr>
<td>Industry Hiring</td>
<td>52.9</td>
<td>53.9</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>50.0</td>
<td>53.2</td>
</tr>
</tbody>
</table>

Index above 50 indicates positive outlook.
Index below 50 indicates negative outlook.
Black values indicate an increase from previous quarter.
Red values indicate a decrease from previous quarter.
Blue values indicate no change.

### Huntsville Metro Area: Business Environment Expectations

Q3 2015 compared to Q2 2015

Despite a loss of 6.8 points, Huntsville business executives continue to feel moderately optimistic about the direction of the U.S. economy with an index reading of 52.2. About 85 percent expect higher or stable growth at the national level. Alabama’s economy is generally expected to perform somewhat better than last quarter, with the state index coming in at 58.1.

### National Economic Outlook

- **Better**
  - Q3 2013: 45.7
  - Q4 2014: 45.8
  - Q1 2015: 50.7
  - Q2 2015: 53.4
  - Q3 2015: 54.9
  - Q3 2016: 57.5
  - Q3 2017: 55.1

- **No Change**
  - 26.5

- **Worse**
  - 14.7

<table>
<thead>
<tr>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>30</td>
</tr>
<tr>
<td>40</td>
</tr>
<tr>
<td>50</td>
</tr>
<tr>
<td>60</td>
</tr>
</tbody>
</table>

### Alabama Economic Outlook

- **Better**
  - Q3 2013: 44.1
  - Q4 2014: 44.1
  - Q1 2015: 44.1
  - Q2 2015: 44.1
  - Q3 2016: 44.1

- **No Change**
  - 44.1

- **Worse**
  - 11.8

<table>
<thead>
<tr>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>30</td>
</tr>
<tr>
<td>40</td>
</tr>
<tr>
<td>50</td>
</tr>
<tr>
<td>60</td>
</tr>
</tbody>
</table>

Center for Business and Economic Research, Culverhouse College of Commerce, The University of Alabama
**Huntsville Metro Area: Industry Performance Expectations**

**Q3 2015 compared to Q2 2014**

### Sales

- **Increase**: 55.9%
- **No Change**: 23.5%
- **Decrease**: 20.6%

### Profits

- **Increase**: 44.1%
- **No Change**: 38.2%
- **Decrease**: 17.6%

### Hiring Plans

- **Increase**: 23.5%
- **No Change**: 58.8%
- **Decrease**: 17.6%

### Capital Expenditures

- **Increase**: 26.5%
- **No Change**: 44.1%
- **Decrease**: 29.4%

---

**ABCI Huntsville in Context**

Huntsville business confidence lost some ground on the third quarter 2015 survey, dropping 2.4 points to 55.1. With the statewide ABCI down 2.8 points, Huntsville optimism is now just over the state index. Prior to this, the area ABCI had been below the statewide index since national political and budget issues mounted in mid-2011.

Business sentiment in Alabama’s four largest metro areas is solidly positive in the third quarter of 2015. All industry component indexes in each area are at or above 50, indicating broad improvement. ABCI Montgomery came in on top, despite losing 2.7 points to 57.4. Mobile’s business community remains strongly optimistic with an area ABCI of 54.3. Huntsville’s business confidence lost 2.4 points to 55.1, still strong as political and budget uncertainties at the national level are of less concern than in the past. A slight decline in Birmingham-Hoover’s ABCI puts the area’s sentiment below that of Mobile at 53.1.

---

**ABCI by Metro Area Q3 2015**

- **Alabama**: 54.8
- **Birmingham-Hoover**: 53.1
- **Huntsville**: 55.1
- **Mobile**: 54.3
- **Montgomery**: 57.4

---

The Center for Business and Economic Research would like to thank all Huntsville metro area business executives who completed the first quarter 2015 ABCI survey during the first two weeks of June. We look forward to a continuing partnership with the Huntsville Chamber of Commerce and encourage you to return for the fourth quarter 2015 survey September 1-15. For more details on the Alabama Business Confidence Index™, visit [cbercba.ua.edu/ABCI](http://cbercba.ua.edu/ABCI). Analysis provided by Gregg Bell, Ph.D., Research Associate.

Produced in partnership between

Center for Business and Economic Research, Culverhouse College of Commerce, The University of Alabama