Mobile Businesses Maintain High Confidence Moving into 2018

For the second consecutive quarter, Mobile has the highest ABCI of all the metro areas at 69.1. Moving into the first quarter of 2018, ABCI Mobile increased by 7.0 points, remaining very confident. In all categories of the survey, businesses in Mobile are anticipating growth though confidence is especially high regarding industry sales and profits.

The sales index increased 15.6 points to register at strongly confident 76.5. With a strong majority, 88.2 percent of Mobile’s business leaders anticipate an increase in sales in the upcoming quarter. At 5.9 percent, only a few panelists indicated expectations for slower sales than were seen in Q4, and another 5.9 percent forecast no change in their first quarter sales figures.

Mobile businesses expect profits to increase with significant confidence, as shown by the index reading of 73.5, a 17.0-point increase from Q4 2017. About 82.4 percent of local business leaders expect an increase in profits, and much smaller group of 11.8 percent anticipate a continuation of the fourth quarter’s growth rate. The remaining 5.9 percent expect a decrease in profits compared to the previous quarter.

Hiring in Mobile is expected to increase in the coming quarter with an index reading of 61.8, after a 0.9-point increase. Though 58.8 percent of Mobile executives expect to hire at the same pace, 41.2 percent plan to increase hiring in the coming quarter. No area panelists anticipate a slowdown in their hiring as they move into the first quarter.

Mobile businesses anticipate an increase in capital investment with an increase of 7.9 points to reach index of 72.1. Almost 65 percent of area respondents anticipate an increase in their spending levels, 35.3 percent expect spending to be about the same as last quarter, and none forecast a decrease in their spending.

First Quarter 2018 Outlook

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<td>Capital Expenditures</td>
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Mobile Metro Area: Business Environment Expectations Q1 2018 compared to Q4 2017

Since the first quarter of 2017, executives in the Mobile metro area have had high confidence in expected growth. In the Q1 2018 survey, the index for the U.S. economy increased 6.1 points to 69.1, and though the Alabama index decreased 5.6 points to 61.8, both indexes indicate positive expectations for growth in Q1 2018.

Over 76 percent of panelists expect stronger growth in the national economy in Q1 2018, with only 5.9 percent anticipating a slowdown. There was a slightly more mixed response for the Alabama economy, with 58.8 percent forecasting a stronger economy and 17.6 percent expecting a weaker economy compared to the fourth quarter of 2017.
Mobile Metro Area: Industry Performance Expectations
Q1 2018 compared to Q4 2017

Sales
- Increase: 88.2%
- No Change: 5.9%
- Decrease: 5.9%

Profits
- Increase: 82.4%
- No Change: 11.8%
- Decrease: 5.9%

Hiring
- Increase: 41.2%
- No Change: 58.8%
- Decrease: 0.0%

Capital Expenditures
- Increase: 64.7%
- No Change: 35.3%
- Decrease: 0.0%

Mobile business confidence remains very high after growing 7.0 points to reach 69.1 on the Q1 2018 survey. This is the 20th consecutive quarter that the ABCI Mobile has been above 50, and is building on the four consecutive quarters with ABCIs above 60, indicating prolonged expectations for strong growth.

After reaching historically high values for 3 quarters beginning in Q1 2017, metro ABCIs contracted in Q4 2017 before increasing again in Q1 2018. This quarter, ABCIs in all four of Alabama’s largest metro areas were above 60, indicating strong confidence in the quarter’s economic prospects. In Q1 2018, Mobile had the highest ABCI at 69.1, led by high expectations for their industry indicators. The other three metros were more closely grouped around the statewide ABCI of 63.1. Montgomery was slightly above statewide expectations with an ABCI of 63.9; Huntsville and Birmingham-Hoover were below with ABCIs of 62.9 and 61.0, respectively.

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