Gulf Coast | Business Council
Research Foundation

CEO and Business Owner Confidence Survey

Second Quarter 2011

July 18, 2011

This survey was administered in partnership with the Gulf Coast Business Council Research Foundation, Biloxi Bay Chamber of Commerce, Hancock County Chamber of Commerce, Jackson County Chamber of Commerce, Orange Grove Chamber of Commerce, Ocean Springs Chamber of Commerce, and Mississippi Gulf Coast Chamber of Commerce between June 22 and July 1, 2011. Members of each of the partner organizations were asked to complete an online survey consisting of eleven questions relevant to the current economy on the Mississippi Gulf Coast and expectations for the proceeding six months. The targeted respondents were the chief executives and owners of businesses belonging to these membership organizations. This quarterly survey has been conducted at regular intervals since the third quarter of 2008.

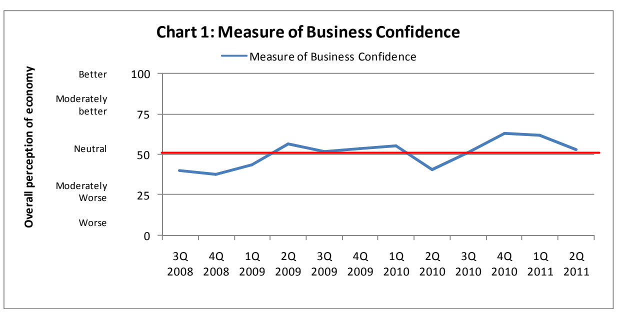
Overview

Between June 22 and July 1, 2011, chief executives and business owners within the three counties of the Mississippi Gulf Coast were asked to complete a survey regarding their perceptions of the regional economy, reviews of the second quarter 2011, and an outlook for the proceeding six months. The survey asked that only the chief executive or the business owner provide answers to the questions. The respondents totaled 143.

Business Confidence in Mississippi Gulf Coast Economy Drops in Second Quarter.

The overall measure of business confidence on the Mississippi Gulf Coast declined in the second quarter. With an overall measure of 53 representing sentiments just above neutral, business confidence in the local economy is better than it was in the same quarter prior year, but not as high as it was at the conclusion of 2010. Leading up to 2011, chief executives and business owners in the region reported their highest level of confidence since 2008. In 2010, sales tax collections on the Mississippi Gulf Coast increased (year-over-year) in three consecutive quarters and a period of moderate job growth ensued; in 2011, however, sales tax collections (through April) have slowed and job growth has also diminished. Generally speaking, most economic data currently available suggests that the economy both at the national and the local level has slowed in the first two quarters of 2011.

Table 1: CEO & Business Owners Confidence	2011 2nd Qtr	2011 1Q	2010 4Q	2010 3Q	2010 2Q	2010 1Q	2009 4Q	2009 3Q	2009 2Q	2009 1Q	2008 4Q	2008 3Q
Measure of Business Confidence	**53**	**62**	**63**	**51**	**41**	**55**	**53**	**52**	**57**	**44**	**38**	**40**
1. Current Economic Conditions vs. 6 months ago	51	60	62	48	37	52	48	47	53	35	27	30
2. Current Economic Conditions in Own Industry vs. 6 months ago	52	60	58	47	41	52	46	46	53	40	32	34
3. Expectations Within Own industry in next six months	57	67	68	59	44	62	67	64	64	57	56	56



CEO & Business Owner

Measure of Business Confidence

Second Quarter 2011 = 53

The measure of Business Confidence is an average between current economic conditions, current conditions within respondents' own industry, and expectations within respondents' own industry for next six months.

At the national and regional levels, results from similar surveys yielded comparable sentiments. At the national level, the Conference Board's Consumer Confidence Index dropped in June to a seven-month low. CEO confidence in *Chief Executive* magazine's index dropped sharply in June, with many respondents indicating frustration with the United States Government's efforts to address the slowing economy and the nation's deficit. In Alabama, the Alabama Business Confidence Index fell 4.4 points to a level very similar to that of the Mississippi Gulf Coast's.

Reduction in Confidence in Economy Has Not Significantly Impacted Hiring Plans.

While the overall measure of business confidence dropped in the second quarter, respondents did not indicate significant changes to hiring plans over the next six months. Leading up to May 2011, the Mississippi Gulf Coast experienced moderate job growth for eleven consecutive months. Though preliminary data from the Mississippi Department of Employment Security suggests that job growth in the region has stalled recently, 83% of the respondents to the survey indicated that they have no plans to reduce staffing levels, down only slightly from 87% in the first quarter.

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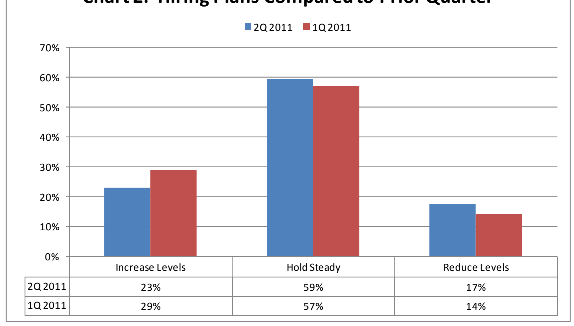
Chart 2: Hiring Plans Compared to Prior Quarter



The majority of respondents in all three counties on the Mississippi Gulf Coast believe that the economy will either remain stable or improve in the next six months (see Chart 3). For the overall region, 43% of respondents believe that the economy will improve (within their own industry) in the next six months while 36% believe that it will remain stable. With regards to chief concerns in the next six months, 43% of respondents name inflationary pressures as their primary concern while a third are worried about downward pressures in demand for their product or services. The availability of labor was a primary concern for only 7% of respondents.

Chart 3: Predictions of Own Industry Over Next Six Months

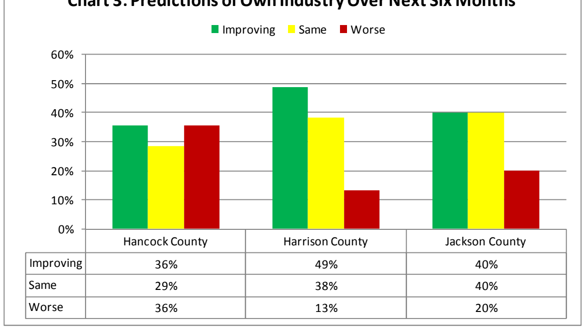
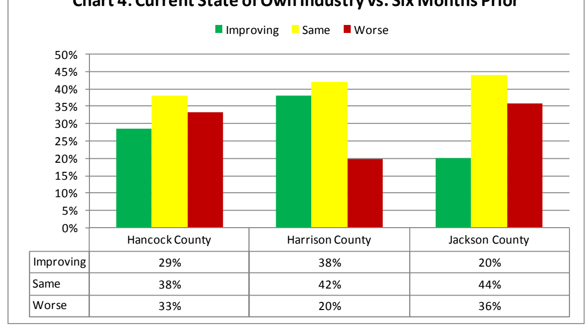


Chart 4: Current State of Own Industry vs. Six Months Prior



When assessing the current economy compared to six months ago (see Chart 4), roughly a third of the respondents indicated that the economy has improved over the last six months while the plurality of respondents (41%) believe that the economy has neither improved nor diminished.

Tables and Statistics

Below are tables containing additional results from the March 28 – April 8, 2011 survey administered on the Mississippi Gulf Coast. Table 2 compares first quarter 2011 revenue levels and revenue expectations to those of the fourth quarter 2010. Items shaded in red in Table 2 indicate a decrease from the previous quarter. Table 3 and Table 4 contain future hiring plans and chief concerns by industry.

Table 2: Evaluation of current revenue levels (compared to 6 months prior) and expected revenue levels for surveyed businesses on the Missisippi Gulf Coast. A rating of 100 would indicate strong growth, 50 would indicate stability, and 0 would indicate significant declines.

Sector	Current Levels 2nd Qtr. '11	Current Levels 1st Qtr. '11	% Change	Sector	Future Expectations as of 2nd Qtr. '11	Future Expectations as of 1st Qtr. '11	% Change
Overall	**49**	57	-15%	**Overall**	**56**	**63**	-12%
Banking	46	70	-34%	Banking	58	75	-23%
Chemicals	NA	NA	NA	Chemicals	NA	NA	NA
Construction	22	58	-62%	Construction	39	54	-28%
Education/Government	38	39	-4%	Education/Government	75	44	69%
Entertainment (not gaming)	50	75	-33%	Entertainment (not gaming)	75	75	0%
Food & Beverage	25	63	-60%	Food & Beverage	33	69	-52%
Gaming and/or Lodging	75	88	-14%	Gaming and/or Lodging	63	88	-29%
Healthcare	50	42	20%	Healthcare	50	42	20%
Information Technology	50	50	0%	Information Technology	50	67	-25%
Manufacturing	40	60	-33%	Manufacturing	40	70	-43%
Media	63	86	-27%	Media	71	93	-24%
Military	50	25	NA	Military	50	25	NA
Nonprofit/Civic Organization	50	63	-20%	Nonprofit/Civic Organization	43	88	-51%
Professional Services	63	48	31%	Professional Services	58	55	5%
Real Estate	58	39	50%	Real Estate	92	56	65%
Retail and Wholesale Trade	25	67	-63%	Retail and Wholesale Trade	45	63	-29%
Utilities and Transportation	58	42	40%	Utilities and Transportation	83	75	11%

Table 3: Hiring plans for the next six months for companies on the Mississippi Gulf Coast.

Sector	Increase Staffing	Keep Same Levels	Decrease Staffing
Overall	**29%**	**57%**	**14%**
Banking	23%	46%	31%
Chemicals	NA	NA	NA
Construction	22%	67%	11%
Education/Government	75%	25%	0%
Entertainment (not gaming)	50%	50%	0%
Food & Beverage	0%	67%	33%
Gaming and/or Lodging	8%	75%	17%
Healthcare	29%	43%	29%
Information Technology	100%	0%	0%
Manufacturing	40%	30%	30%
Media	8%	92%	0%
Military	0%	100%	0%
Nonprofit/Civic Organization	0%	86%	14%
Professional Services	23%	54%	23%
Real Estate	17%	83%	0%
Retail and Wholesale Trade	15%	65%	20%
Utilities and Transportation	67%	33%	0%

Table 4: Most Noted Concern Going Forward for Businesses on the Mississippi Gulf Coast. (a)

Sector	Cost to Do Business	Inability to Find Labor	Decrease in Demand
Overall	43%	7%	33%
Banking	23%	0%	46%
Chemicals	NA	NA	NA
Construction	11%	11%	67%
Education/Government	75%	0%	0%
Entertainment (not gaming)	50%	0%	50%
Food & Beverage	67%	0%	17%
Gaming and/or Lodging	67%	8%	25%
Healthcare	71%	0%	0%
Information Technology	0%	50%	50%
Manufacturing	30%	20%	40%
Media	25%	8%	42%
Military	0%	100%	0%
Nonprofit/Civic Organization	43%	0%	0%
Professional Services	31%	12%	38%
Real Estate	33%	0%	33%
Retail and Wholesale Trade	40%	0%	40%
Utilities and Transportation	50%	33%	17%

(a) In Table 4 the most frequent write-in responses were related insurance, inhibitive government regulations, and funding-related issues.