

CEO and Business Owner Confidence Survey

First Quarter 2013

May 6, 2013

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 April 15 and 29, 2013. 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 April 15 and April 29, 2013, 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 first quarter 2013, 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 91.

Mississippi Gulf Coast CEO Confidence Pushes Ahead in First Quarter 2013

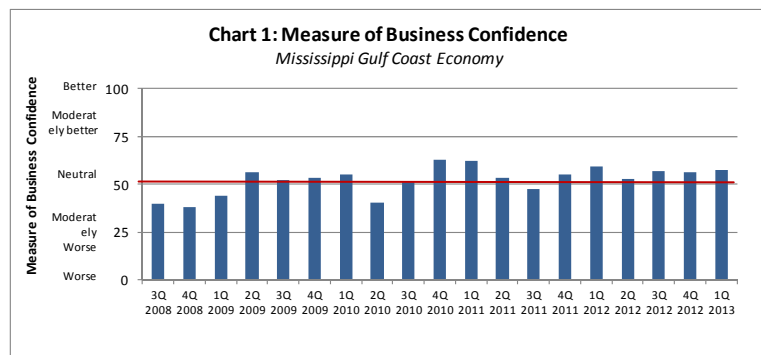
Confidence in the overall Mississippi Gulf Coast economy (as perceived by local CEO's and business owners) advanced moderately in the first quarter 2013, with the overall measure of business confidence improving to 58. The measure of business confidence includes three components, two of which gauge perceptions of the current economy and one that factors in future expectations; a score of 50 would indicate overall neutrality, or that the economy is neither improving nor worsening. When asked about the current economy (as compared to six months prior) the index reached 60 for only the fourth time in 19 quarters.

Table 1: CEO & Business Owners Confidence

	2013 1Q	2012 4Q	2012 3Q	2012 2Q	2012 1Q
Measure of Business Confidence	58	57	57	53	60
1. Current Economic Conditions vs. 6 months ago	60	58	54	53	61
2. Current Economic Conditions in Own Industry vs. 6 months ago	54	52	53	49	55
3. Expectations Within Own industry in next six months	59	60	63	55	63

CEO & Business Owner
Measure of Business Confidence
First Quarter 2013 = 58

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.



While the nation's overall *Consumer Confidence Index* retreated slightly in late March, similar surveys which poll Chief Executives at both the regional and the national levels improved in the first quarter. The Conference Board's *Measure of CEO Confidence* improved again in the first quarter 2013, and *Chief Executive* magazine's CEO Confidence Index jumped in April to its highest level since May 2011. The Alabama Business Confidence Index also posted a moderate gain in its second quarter 2013 survey, with Mobile and Huntsville posting the largest improvements; interestingly, Alabama's index remained below 50 for the third consecutive quarter.

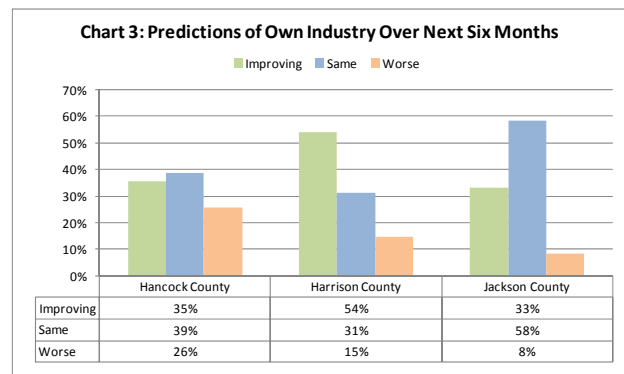
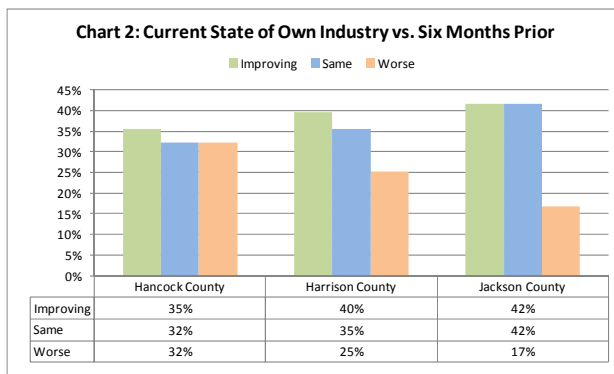
Table 2: January - March Sales Tax Collections
Source: Mississippi Department of Revenue

	2013	2012	2013 vs 2012
BAY ST LOUIS	369,568	256,693	44.0%
BILOXI	2,681,977	2,554,965	5.0%
DIAMONDHEAD*	113,321	34,572	227.8%
D'IBERVILLE	1,537,382	1,497,397	2.7%
GAUTIER	541,221	531,478	1.8%
GULFPORT	4,856,966	4,746,574	2.3%
LONG BEACH	328,771	312,651	5.2%
MOSS POINT	387,054	353,810	9.4%
OCEAN SPRINGS	1,152,955	1,091,822	5.6%
PASCAGOULA	1,352,111	1,308,302	3.3%
PASS CHRISTIAN	272,600	268,479	1.5%
WAVELAND	527,566	521,910	1.1%
Combined Cities	\$14,121,491	\$13,478,652	4.8%

*Diamondhead began receiving sales tax collections in March 2012.

The increase in confidence in the Mississippi Gulf Coast economy was generally anticipated. Economic indicators such as sales tax collections, residential real estate sales, and establishment jobs have all improved in recent months. To the left, Table 2 compares sales taxes collected in the first quarter 2013 to prior year.

As alluded to earlier in this report, respondents continued to answer questions about the current economy more favorably than in prior surveys. This suggests that the recovery from the recession is already underway, as opposed to being forthcoming.



When asked about current conditions “within own industry” (as opposed to the overall economy), respondents generally reported improvements. Respondents in Hancock and Harrison Counties were more confident (compared to prior quarter) in their current economies. Future expectations were mixed.

Table 3: Perception of "own industry"

	Current Conditions		Future Outlook	
	Current Quarter	Previous Quarter	Current Quarter	Previous Quarter
Hancock County	50	44	56	55
Harrison County	55	54	62	62
Jackson County	58	60	58	63
Overall Coast	54	52	59	60

Hiring Plans Improve, Respondents' Chief Concern Moving Forward is Cost to Do Business.

One in four respondents indicated plans to hire additional staff in the next six months, and 85% of respondents indicated either plans to increase staffing levels or keep them the same. When asked about the chief concern moving forward, the cost to do business was the most popular response, with many respondents sharing concerns about looming increases in flood insurance.

Tables and Statistics

The tables below contain additional results from the April 2013 business confidence survey administered on the Mississippi Gulf Coast. Table 4 compares first quarter revenue levels and revenue expectations to those of the previous quarter. Items shaded in red in Table 4 indicate a decrease from the previous quarter. Table 5 and Table 6 contain future hiring plans and chief concerns by industry.

Table 4: Evaluation of current revenue levels (compared to 6 months prior) and expected revenue levels for surveyed businesses on the Mississippi Gulf Coast. A rating of 100 would indicate strong growth, 50 would indicate stability, and 0 would indicate significant declines.

Sector	Current Levels 1st Qtr. '13	As of Prior Quarter	% Change	Sector	Future Expectations as of 1st Qtr. '13	As of Prior Quarter	% Change
Overall	51	44	14%	Overall	60	59	2%
Banking	71	50	43%	Banking	57	43	33%
Chemicals	NA	50	NA	Chemicals	NA	50	NA
Construction	63	75	-17%	Construction	38	25	50%
Education/Government	50	56	-11%	Education/Government	50	53	-6%
Entertainment (not gaming)	25	50	-50%	Entertainment (not gaming)	75	50	50%
Food & Beverage	25	50	-50%	Food & Beverage	100	83	20%
Gaming and/or Lodging	40	36	12%	Gaming and/or Lodging	70	64	9%
Healthcare	57	25	129%	Healthcare	21	31	-31%
Information Technology	50	75	-33%	Information Technology	83	75	11%
Manufacturing	38	50	-25%	Manufacturing	75	56	33%
Media	38	25	50%	Media	63	88	-29%
Military	NA	NA	NA	Military	NA	NA	NA
Nonprofit/Civic Organization	44	35	25%	Nonprofit/Civic Organization	50	65	-23%
Professional Services	60	46	30%	Professional Services	70	67	4%
Real Estate	50	17	200%	Real Estate	75	67	13%
Retail and Wholesale Trade	33	50	-33%	Retail and Wholesale Trade	50	68	-27%
Utilities and Transportation	50	30	67%	Utilities and Transportation	60	50	20%

Table 5: Hiring plans for the next six months for companies on the Mississippi Gulf Coast.

Sector	Increase Staffing	Keep Same Levels	Decrease Staffing
Overall	25.3%	59.3%	15.4%
Banking	0%	100%	0%
Chemicals	NA	NA	NA
Construction	25%	50%	25%
Education/Government	17%	67%	17%
Entertainment (not gaming)	0%	100%	0%
Food & Beverage	100%	0%	0%
Gaming and/or Lodging	40%	60%	0%
Healthcare	14%	43%	43%
Information Technology	67%	0%	33%
Manufacturing	50%	25%	25%
Media	25%	50%	25%
Military	NA	NA	NA
Nonprofit/Civic Organization	13%	63%	25%
Professional Services	30%	55%	15%
Real Estate	13%	88%	0%
Retail and Wholesale Trade	0%	83%	17%
Utilities and Transportation	60%	40%	0%

Table 6: 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	44.0%	9.9%	23.1%
Banking	29%	0%	43%
Chemicals	NA	NA	NA
Construction	0%	0%	25%
Education/Government	67%	0%	17%
Entertainment (not gaming)	50%	0%	0%
Food & Beverage	50%	50%	0%
Gaming and/or Lodging	20%	20%	20%
Healthcare	71%	0%	14%
Information Technology	67%	0%	33%
Manufacturing	0%	50%	50%
Media	50%	25%	25%
Military	NA	NA	NA
Nonprofit/Civic Organization	38%	25%	0%
Professional Services	35%	10%	35%
Real Estate	50%	0%	25%
Retail and Wholesale Trade	67%	0%	17%
Utilities and Transportation	80%	0%	0%

(a) In Table 5 the most frequent write-in responses were related to the insurance, inhibitive government regulations and uncertainty about fiscal policy, and funding-related issues.