

# ACEC Engineering Business Index

EBI Composite Score

# 66.8

1st Quarter 2018

Data collection and analysis by FMI Corporation

## EBI Climbs To Highest Level Since Q3/2014

Engineering firm leaders' confidence in the economy and the A/E market continues to climb, according to the latest ACEC Engineering Business Index (EBI) survey.

The 1st Quarter 2018 (Q1/18) EBI score rose to 66.8, up 0.9 from 65.9 in the Q4/17 survey. Any score above 50 signals that the market is growing. (See box below to learn more about the EBI methodology.)

The EBI stands at its highest level since the 3rd quarter of 2014.

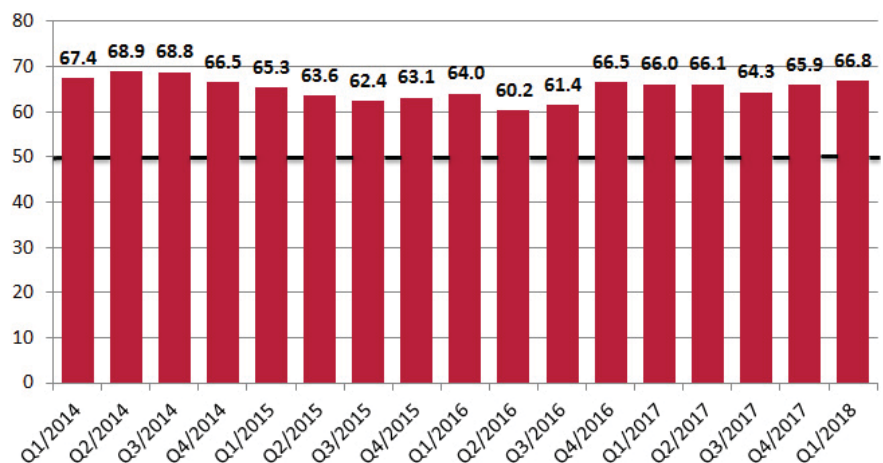
The survey of 380 engineering firm leaders was conducted March 20 – April 6.

### Strong Market Today

Firm leaders are most upbeat about current market conditions. In comparing today's market to a year ago, respondents gave a score of 76.7, the highest in the survey and up 1.5 points from the previous survey. Asked to compare their backlog from a year ago to today's, the score rose 5.9 points to 73.6. And near-term profit expectations, over the next six months, climbed 2.3 points to 73.4.

While respondents are also buoyant about the market over the next one to three years, their optimism is muted. Projecting market conditions one year from today, the score fell 4.0 points to 65.1. Dropping also were expectations for backlog (down 1.7 to 67.8) and profitability (down 0.4 to 72.5).

### EBI Trendline



**About the EBI** The ACEC Engineering Business Index (EBI) is a leading indicator of America's economic health based on the business performance and projections of engineering firms that develop the nation's transportation, water, energy and industrial infrastructure. The EBI is a diffusion index derived from quarterly surveys of engineering industry leaders on their firm's business, market and financial performance. The EBI index mean is 50, with scores above 50 indicating business expansion, and scores below 50 indicating contraction. The EBI is produced by the American Council of Engineering Companies (ACEC) in conjunction with FMI Corporation.

# ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES

100 Years of Excellence

## Transportation Leads Public Markets

Firm leaders expect public markets to strengthen significantly over the coming year. Riding on hopes for new infrastructure legislation, the Transportation sector score jumped 5.6 points to 71.1. The Environmental sector also enjoyed a healthy jump, rising 2.6 points to 58.0.

Expectations for three other public market sectors also rose: Buildings (up 1.4 to 60.8), Health Care (up 0.9 to 58.5), and Water and Wastewater (up 0.6 to 66.7). Only the Education sector faces declining expectations, down 0.9 to 56.8.

## Private Markets Strong But Some Softening Expected

Firm leaders remain positive about private market prospects, but they see some future weakening. They are optimistic about growth in the Education (up 1.6 to 58.2) and Land Development (up 1.5 to 68.2) sectors, but expectations for the other four surveyed sectors declined: Energy and Power (down 3.0 to 65.6), Industrial/Manufacturing (down 2.9 to 67.8), Buildings (down 2.4 to 67.3) and Health Care (down 0.5 to 60.4).

Component Results Q1 2018	Better	Same	Worse	Q1 2018 Results	Q4 2017 Results
Current business climate vs. 12 months ago	61.8%	29.7%	8.4%	76.7	75.2
Current business climate vs. 6 months ago	43.5%	51.7%	4.8%	69.4	62.3
Current business climate vs. 12 months from now	39.8%	50.5%	9.6%	65.1	69.1
Profitability expectations for next 6 months	55.3%	36.3%	8.4%	73.4	71.1
Profitability expectations for next 12 months	51.9%	41.3%	6.9%	72.5	72.9
Profitability expectations for 3 years from now	46.3%	40.9%	12.8%	66.7	68.5
	Larger	Same	Smaller		
Backlog vs. 12 months ago	61.6%	24.0%	14.5%	73.6	67.7
Backlog vs. 6 months ago	46.2%	41.4%	12.4%	66.9	61.7
Backlog expectations for 12 months from now	45.4%	44.9%	9.8%	67.8	69.5
<b>Twelve-month expectations for PUBLIC markets</b>	<b>Better</b>	<b>No Change</b>	<b>Worse</b>		
Transportation	53.7%	34.9%	11.4%	71.1	65.5
Water and Wastewater	33.9%	53.6%	6.8%	66.7	66.6
Environmental (Other than water/wastewater)	26.9%	62.3%	10.8%	58.0	55.4
Health Care	26.8%	63.4%	9.8%	58.5	57.6
Education	25.6%	62.4%	12.0%	56.8	57.7
Buildings	31.6%	58.4%	10.0%	60.8	59.4
<b>Twelve-month expectations for PRIVATE markets</b>	<b>Better</b>	<b>No Change</b>	<b>Worse</b>		
Energy and Power	37.0%	57.3%	5.7%	65.6	68.6
Land Development	44.0%	48.3%	7.7%	68.2	66.7
Buildings	43.9%	46.9%	9.2%	67.3	69.7
Health Care	29.9%	61.0%	9.1%	60.4	60.9
Industrial/Manufacturing	42.2%	51.2%	6.6%	67.8	70.7
Education	26.0%	64.4%	9.6%	58.2	56.6
<b>Overall EBI</b>				<b>66.8</b>	<b>65.9</b>