Montgomery Confidence Reaches Record Highs in Third Quarter Survey

Moving into the third quarter of 2018, Montgomery business reached its highest been since the metro-specific survey began in 2006. Montgomery’s ABCI grew 0.8-points from Q2 2018 to reach 66.5 this quarter. The national and statewide economic outlooks registered as very confident, reaching 73.9 and 69.3, respectively. The metro communicated strong expectations for growth in the industry components of the survey, with all registering above 60.0.

A 68.2-percent majority of Montgomery businesses feel that sales in the upcoming quarter will grow compared to Q2 2018’s levels, making the sales index increase 2.7 points to reach a very confident 65.9. Only 4.5 percent forecast a decrease in sales in the third quarter, while 27.3 percent expect a continuation of the previous quarter’s sales.

The Q3 2018 index for profits remains confident at 60.2 after a 0.1-point drop this quarter. At 50.0 percent, exactly half of area panelists expect to increase their profits in the coming quarter, and 40.9 percent forecast steady profits. The remaining 9.1 percent of Montgomery’s respondents anticipate a decrease compared to profits earned in Q2 2018.

Hiring is expected to grow in the upcoming quarter with an index of 62.5, after increasing 0.7 points from its Q2 2018 levels. About 54.5 percent of Montgomery businesses foresee an increase in hiring, while 40.9 percent expect to hire at the same pace, and 4.5 percent expect hiring to slow in the third quarter.

The capital expenditures index increased 5.3 points to a very confident 67.0 in the third quarter of 2018. Only 4.5 percent of panelists forecast a decrease in capital expenditures in the coming quarter, while 72.7 percent anticipate an increase, and 22.7 percent expect to continue at the previous quarter’s level of spending.

Third Quarter 2018 Outlook

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Montgomery Metro Area: Business Environment Expectations

Q3 2018 compared to Q2 2018

Montgomery business executives are feeling very confident about improved statewide business conditions this quarter: the Alabama Economic Outlook or Montgomery reached 69.3, after increasing 1.7 points from Q2 2018. A 77.3-percent majority of area business leaders anticipate better statewide economic conditions, while 18.2 percent expect no change from last quarter, and 4.5 percent of Montgomery panelists forecast worse economic conditions in the state compared to Q2 2018.

The area’s National Economic Outlook is also very optimistic at 73.9 after a 7.7-point increase from the previous quarter. Most area panelists are feeling optimistic, with 81.8 percent forecasting better national economic conditions in Q3 2018. A group of 13.6 percent of area business leaders anticipate no change, and only 4.5 percent expect worse national economic conditions compared to Q2 2018.
Montgomery Metro Area:
Industry Performance Expectations
Q3 2018 compared to Q2 2018

Sales
- Increase: 68.2%
- No Change: 27.3%
- Decrease: 4.5%

Profits
- Increase: 50.0%
- No Change: 40.9%
- Decrease: 9.1%

Hiring
- Increase: 54.5%
- No Change: 40.9%
- Decrease: 4.5%

Capital Expenditures
- Increase: 72.7%
- No Change: 22.7%
- Decrease: 4.5%

ABCI Montgomery in Context

Business confidence in Montgomery reached record highs moving into Q3 2018, gaining 3.0 points to register at 66.5, the highest ABCI in the metro area since the metro survey began. The Montgomery ABCI has been positive for 22 consecutive quarters and especially confident since Q1 2017, with an average index of 63.2. This indicates business leaders’ sustained expectations for economic growth in the Montgomery metro area.

Business sentiment in Alabama’s four largest metro areas as very positive for the third quarter of 2018 with all ABCIs registering above 62. Huntsville is forecasting growth with the most confidence with an area index of 67.0. Montgomery and Mobile followed with ABCIs of 66.5 and 65.6, respectively. With an ABCI of 62.8, Birmingham-Hoover’s business confidence is the lowest, but area businesses are still anticipating growth in the coming quarter with strong confidence.

The Center for Business and Economic Research would like to thank all Montgomery metro area business executives who completed the third quarter 2018 ABCI survey. We look forward to a continuing partnership with the Montgomery Chamber of Commerce and encourage you to return for the fourth quarter 2018 survey September 1-15.

For more details on the Alabama Business Confidence Index™, visit cber.cba.ua.edu/ABCI.

Analysis provided by Susannah Robichaux, Socioeconomic Analyst.

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

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