

Birmingham-Hoover Businesses Forecast Growth with Milder Confidence

Birmingham-Hoover's business confidence remained confident at 54.0 moving into the first quarter of 2019 despite a 6.9 decrease in the metro's index. All the component indexes decreased but remained at or above 50.0, indicating neutral to moderate confidence in growth compared to Q4 2018.

For the first quarter of 2019, the sales index decreased by 6.8 points to register at a very mild confidence of 51.5. Though 39.4 percent of the business leaders feel that there will be no change compared to the previous quarter sales, 33.3 percent expect an increase while the remaining 27.3 percent expect a decrease in sales in Q1 2019.

Business leaders expect a continuation of Q4 2018's level of profits with an index of 50.0 after a decrease in profit index by 6.8. At 51.5 percent, the majority of the business leaders in Birmingham-Hoover expect that profits will remain the same as the previous year. The remaining percentage is split equally: 24.2 percent expect an increase, and 24.2 percent expect a decrease in profits compared to Q4 2018.

With a hiring index of 56.8 after a 3.8-point decrease in confidence index, Birmingham businesses are forecasting an increase in hiring for Q1 2019 with moderate confidence. About 36.4 percent of business leaders plan to increase hiring, 12.1 percent anticipate slowing their hiring, while 51.5 percent expect to continue hiring at the same pace as the previous quarter.

Birmingham business leaders are still confident that capital expenditure will continue to rise in Q1 2019 with an index of 56.1 after a 7.6-point decrease from Q4 2018's higher index. About 39.4 percent of the metro's business leaders expect capital spending to increase, 45.5 percent expect no change and 15.2 percent expect capital spending to decline.

First Quarter 2019 Outlook

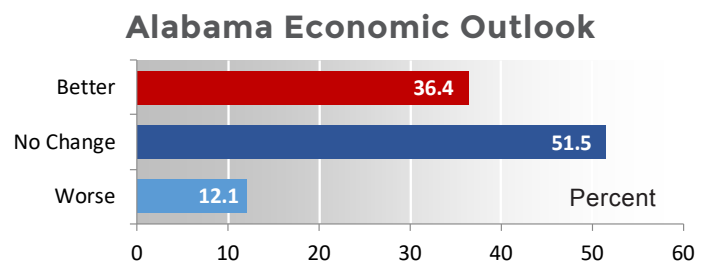
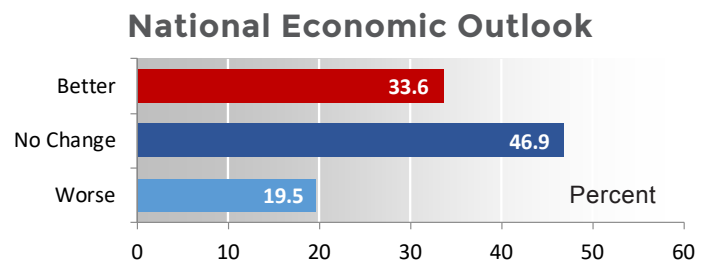
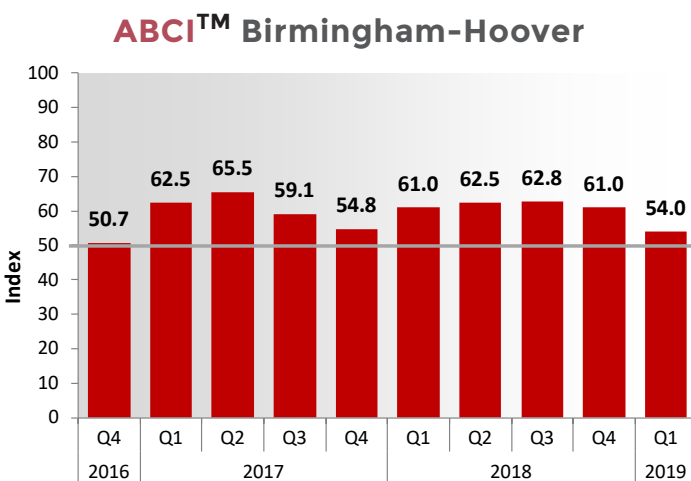
	Birmingham-Hoover	Alabama
ABCI	54.0	56.4
National Economy	53.8	53.3
Alabama Economy	56.1	59.2
Industry Sales	51.5	56.1
Industry Profits	50.0	53.9
Industry Hiring	56.8	59.2
Capital Expenditures	56.1	57.0

Index above 50 indicates positive outlook as compared to last quarter.
 Index below 50 indicates negative outlook as compared to last quarter.
 Gray increase from previous quarter. Red decrease from previous quarter. Blue no change.

Birmingham-Hoover Metro Area: Business Environment Expectations Q1 2019 compared to Q4 2018

Birmingham-Hoover's index for the U.S. economy decreased by 8.3 points in Q1 2019, however, expectations for the national economy remain mildly confident at 53.8. About 46.9 percent of metro business leaders anticipate a continuation of the previous quarter's conditions, while 33.6 percent anticipate better economic conditions and 19.5 percent anticipate worse national economic conditions compared to Q4 2018.

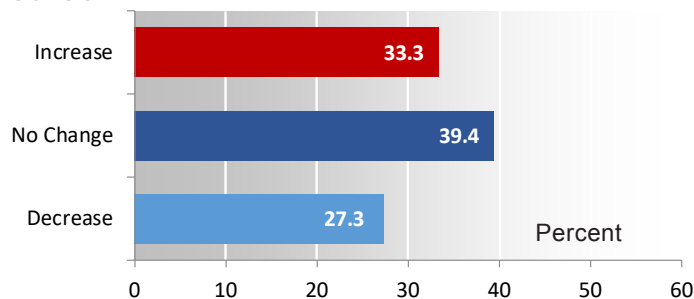
Alabama's economic outlook also decreased by 8.3 to reach a moderately confident index of 56.1 in the coming quarter. At 51.5 percent, most Birmingham business leaders expect the same statewide economy as the previous quarter. About 36.4 percent expect better statewide economic conditions, and the remaining 12.1 percent expect a worse statewide economy in the coming quarter.



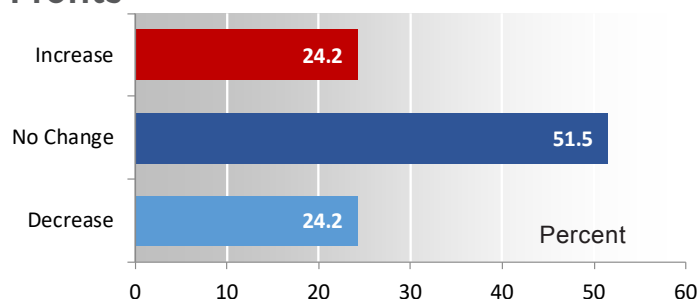
Birmingham-Hoover Metro Area: Industry Performance Expectations

Q1 2019 compared to Q4 2018

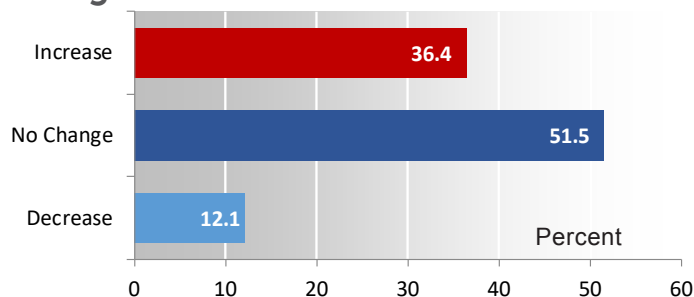
Sales



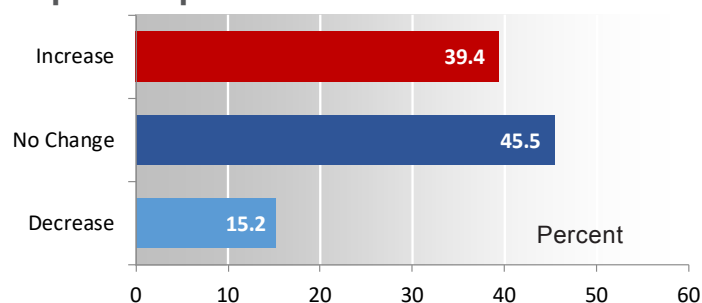
Profits



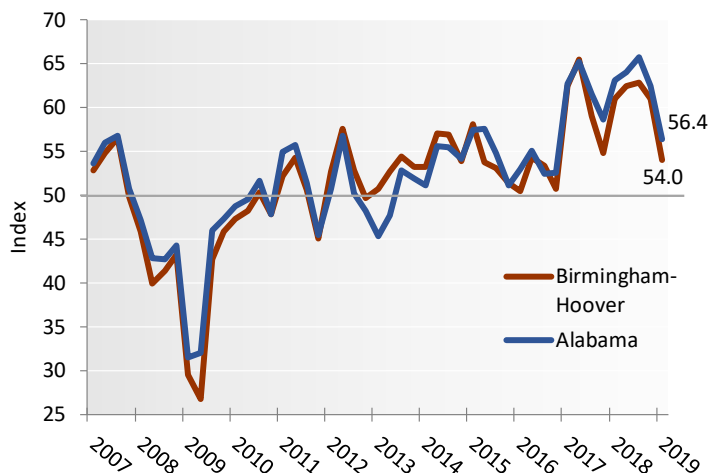
Hiring



Capital Expenditures



Historical ABCI Q1 2007 through Q1 2019

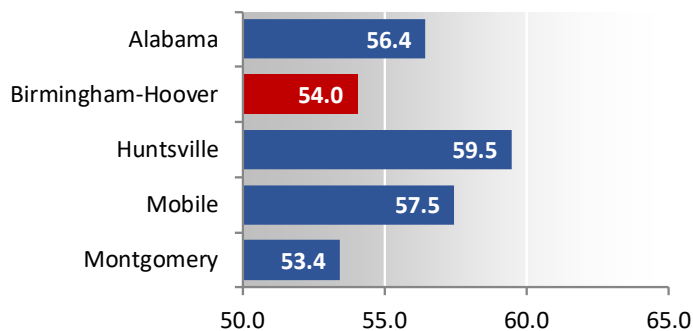


ABCI Birmingham-Hoover in Context

Birmingham-Hoover business index decreased by 6.9 points but still remained positive at 54 in Q1 2019 survey. The metro's ABCI has been below the statewide ABCI for several consecutive quarters, but the metro area's leaders continue to forecast growth. Birmingham-Hoover's ABCI has been above 51 for eight consecutive quarters, signaling sustained confidence in economic growth.

Although all the metro area ABCIs decreased this quarter, each continues to anticipate growth in the coming quarter. Huntsville is expecting growth with the most confidence with an area index of 59.5. Mobile followed with an ABCI of 57.5, still communicating moderate confidence in increased growth compared to Q4 2018. Birmingham-Hoover and Montgomery's forecasts are less confident with ABCIs of 54.0 and 53.4, respectively, communicating mild confidence in improving economic conditions.

ABCI by Metro Area Q1 2019



The Center for Business and Economic Research would like to thank all Birmingham-Hoover metro area business executives who completed the first quarter 2019 ABCI survey. We look forward to a continuing partnership with the Birmingham Business Alliance and encourage you to return for the second quarter 2019 survey March 1-15.

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