Montgomery ABCI Decreases but Remains Mildly Confident

Despite an 8.0-point decrease, ABCI Montgomery remained mildly confident at 53.4 in the first quarter 2019 survey. The metro’s industry components all convey mild to moderate confidence in growth, though all of the index levels are lower than the fourth quarter’s indexes. This continuation of confidence builds on 23 consecutive quarters of expectations for growth.

After a 4.9-point loss, the Montgomery sales index remains cautiously optimistic at 52.9 moving into the first quarter of 2019. About 35.3 percent of area respondents forecast an increase in sales. In contrast, 23.5 anticipate a decline in the coming quarter percent. The remaining 41.2 percent expect to see steady sales compared to Q4 2018.

Montgomery business leaders are also feeling mildly optimistic about profit growth in Q1 2019 with an index of 51.5 after a 1.7-point decrease. Area panelists fell into the same percentage groupings as the sales component: 35.3 percent forecast growth, 41.2 percent expect a continuation, and 23.5 percent anticipate a decrease compared to Q4 2018’s levels. The index values differ because different percentages of respondents thought there would be “strong” or “moderate” increases or decreases.

With a hiring index of 55.9 after decreasing 3.5 points, Montgomery businesses are forecasting an increase in hiring in Q1 2019 with moderate confidence. At 64.7 percent, the majority of the metro’s business leaders forecast no major changes to hiring this quarter; 29.4 expect to increase hiring; and 5.9 percent anticipate a decrease compared to the previous quarter.

Capital expenditure also registered at 55.9 for Q1 2019 after decreasing 1.9. A 70.6-percent majority of area business leaders do not expect a change compared to Q4 2018. 23.5 percent expect an increase, and 5.9 percent anticipate a slowdown in capital expenditure in the coming quarter.

Montgomery Metro Area: Business Environment Expectations Q1 2019 compared to Q4 2018

Montgomery’s index for the U.S. economy decreased 21.9 points from a very confident Q4 2018 index to a neutral 50.0 in the first quarter 2019 survey. About 41.2 percent of area panelists expect no change in economic conditions. The remaining business leaders are divided down the middle: 29.4 percent expect better conditions, and 29.4 percent forecast a worse economic outlook compared to the previous quarter.

The Alabama economic outlook also decreased but remained mildly confident after dropping 14.3 points to reach 54.4. At 47.1 percent, just under half of area panelists expect no change in economic conditions. The remaining business leaders are divided down the middle: 35.3 percent expect better conditions, and 17.6 percent anticipate a worse statewide economic outlook.
Though Montgomery business confidence decreased 8.0 points this quarter, it still registered at a mildly confident 53.4. Executives in the metro area are less optimistic about a better business environment this quarter than they have been in the past, but the component indexes for hiring and capital spending remained moderately confident. This is the 24th consecutive quarter that Montgomery’s ABCI has been above 50, indicating sustained expectations for growth from area business leaders since the start of 2017.

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.

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

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

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