Moving into the second quarter of 2019, business confidence in Montgomery increased 4.9 points to a confident 58.3. Confidence was positive but varied for the component indexes: the economic outlooks and industry sales and profits increased and registered as moderately high this quarter, while the indexes for hiring and capital expenditure decreased to express mild confidence in growth compared to Q1 2019.

The sales index increased 9.6 points to register at a very confident 62.5 for Q2 2019. At 56.3 percent, just over half of all Montgomery business leaders anticipate an increase in sales; 37.5 percent forecast no change compared to their first quarter sales; and 6.3 percent of panelists indicated expectations for slower sales.

Montgomery businesses expect profits to increase with more moderate confidence, as shown by the index reading of 57.8 after a 6.3-point increase from Q1 2019. About 43.8 percent of local business leaders expect an increase in profits, and the same amount anticipate a continuation of Q1 2019’s levels. The remaining 12.5 percent forecast a decrease in profits.

Confidence in hiring in Montgomery is moderate this quarter, with an index reading of 54.7 after a 1.2-point decrease. A 62.5-percent majority of Montgomery executives expect to continue hiring at the same pace as Q1 2019, while 25.0 percent plan to increase hiring in the coming quarter, and 12.5 percent anticipate slowing their hiring compared to the previous quarter.

Metro panelists are anticipating an increase in capital investment with mild confidence this quarter. The index decreased 2.8 points from Q1 2019 to register at 53.1. At 50.0 percent, half of all Montgomery panelists forecast no change in their capital spending levels this quarter. About 31.1 percent of metro panelists anticipate an increase in capital spending compared to their first quarter 2018 levels, and 18.8 percent expect to decrease their spending levels.

Montgomery's national index increased 9.4 points to reach 59.4 in the Q2 2019 survey indicating confidence in better economic conditions this quarter. Area business leaders were divided equally in forecasting improved U.S. conditions (43.8 percent) and no major changes compared to the previous quarter (43.8 percent). The remaining 12.5 percent forecast worse U.S. conditions compared to Q1 2019.

Expectations for the Alabama economic outlook were more optimistic with an index of 62.5 after increasing 8.1 points in the Q2 2019 survey. At 50.0 percent, half of Montgomery’s business leaders anticipate a continuation of the previous quarter’s conditions. Only 6.3 percent of area panelists expressed expectations for a worse statewide economy while 43.8 percent expect a stronger economy throughout Alabama.
Montgomery Metro Area: Industry Performance Expectations  
Q2 2019 compared to Q1 2019

**Montgomery**, **Mobile**, **Huntsville**, **Birmingham-Hoover**

### Sales
- **Increase**: 56.3%
- **No Change**: 37.5%
- **Decrease**: 6.3%

### Profits
- **Increase**: 43.8%
- **No Change**: 43.8%
- **Decrease**: 12.5%

### Hiring
- **Increase**: 25.0%
- **No Change**: 62.5%
- **Decrease**: 12.5%

### Capital Expenditures
- **Increase**: 31.3%
- **No Change**: 50.0%
- **Decrease**: 18.8%

### Montgomery Business Confidence Index (ABCI)

**Montgomery Metro Area**

**ABCI Montgomery in Context**
Montgomery business leaders expressed confidence in economic growth this quarter after the index increased 6.5 points to register at 58.3. The metro’s ABCI is lower than the statewide index this quarter, with area panelists forecasting growth with more moderate confidence. This is the 25th consecutive quarter that the ABCI Montgomery has been positive, signifying Montgomery business leaders’ prolonged expectations for growth.

Business confidence grew throughout the state, with each metro’s ABCI increasing this quarter. For the second consecutive quarter, Huntsville is expecting growth with the most confidence with an area index of 66.8. Mobile followed closely with an ABCI of 65.9, and Birmingham-Hoover registered at 62.6 communicating strong confidence in increased growth compared to Q1 2019. Montgomery’s forecasts still convey moderate confidence in growth with an ABCI of 58.3 in Q2 2019.

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

For more details on the Alabama Business Confidence Index (ABCI), visit [cber.cba.ua.edu/ABCI](cber.cba.ua.edu/ABCI).

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