Montgomery Businesses Forecast

Decreased Economic Activity

Montgomery’s business leaders are anticipating a contraction in the third quarter of 2019, registering at 47.5 after a 10.8-point decrease from Q2 2019. Most of the metro’s component indexes forecast decreases in their component indexes with mild to moderate confidence, with four out of the six indexes registering from 41.7 and 48.3. Only sales had a positive outlook with an index of 53.3, indicating mild confidence in growth compared to Q2 2019’s levels of sales. Montgomery was the only metro with a negative outlook this quarter, though this is the area’s first negative ABCI since Q2 2013.

Montgomery Component Index Analysis

- **Alabama Economy**: Montgomery’s outlook for the Alabama economy decreased 14.2 points from Q2 2019 to register at 48.3, indicating slightly negative expectations for the Alabama economy compared to Q2 2019.
- **US Economy**: Montgomery’s forecast for the U.S. economy was also negative but with more confidence: the index registered at 41.7 in the Q3 2019 survey after decreasing 17.7 points from the previous quarter.
- **Industry Sales**: Metro business leaders are most optimistic about increased sales this quarter, with a mildly confident index of 53.3 after a 9.2-point decrease from Q2 2019.
- **Industry Profits**: Business leaders in Montgomery expect a decrease in profits this quarter with a moderately confident index of 45.0, a 12.8-point decrease from the Q2 2019 index.
- **Industry Hiring**: With a hiring index of 46.7 after an 8.0-point decrease, Montgomery businesses are anticipating decreased hiring with mild confidence in Q3 2019.
- **Industry Capital Expenditures**: Montgomery business leaders expect a continuation of Q2 2019’s levels of capital spending with a neutral index of 50.0 after a 3.1-point decrease from the previous quarter.

Montgomery Response Breakdown

- **Alabama Economy**: 33.3% Better, 40.0% No Change, 26.7% Worse
- **US Economy**: 40.0% Better, 46.7% No Change, 13.3% Worse
- **Industry Sales**: 26.7% Better, 33.3% No Change, 40.0% Worse
- **Industry Profits**: 26.7% Better, 53.3% No Change, 20.0% Worse
- **Industry Hiring**: 26.7% Better, 60.0% No Change, 13.3% Worse
- **Industry Capital Expenditures**: 20.0% Better, 53.3% No Change, 26.7% Worse

Index above 50 indicates positive outlook as compared to last quarter. Index below 50 indicates negative outlook as compared to last quarter. Color indicates type of change from previous quarter: change less than 0.5 points, decrease more than 0.5 points, increase more than 0.5 points.
Montgomery’s ABCI decreased 10.8 points to forecast a contractionary index of 47.5 in the Q3 2019 survey. This suggests area business leaders are mildly confident that economic activity will slow down this quarter. While business leaders anticipate a contraction compared to Q2 2019, this negative forecast comes on the heels of 25 quarters of sustained expectations for growth.

Though business confidence decreased throughout the state’s four largest metro areas this quarter, all but Montgomery are continuing to forecast growth in Q3 2019. Huntsville business leaders have the highest expectations for Q3 2019 with an ABCI of 65.6 and very confident industry indexes ranging from 65.5 to 69.6. Mobile’s ABCI registered at a moderately confident 57.3, after confidently forecasting improved statewide economic with an index of 60.4. Business leaders in Birmingham–Hoover expect economic growth this quarter, though with an index of 54.7, indicating milder confidence. The Q3 2019 ABCI for Montgomery is 47.5, indicating a mildly confident forecast for decreased economic activity compared to Q2 2019.

The Center for Business and Economic Research would like to thank all Montgomery metro area business executives who completed the third 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 September 1–15.

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

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