High Second Quarter Expectations in Birmingham-Hoover

ABCI Birmingham-Hoover increased 1.5 points to reach a confident 62.5 in the second quarter 2018 survey. Birmingham-Hoover’s outlook for the national economy remained high, and the index for the Alabama economy grew 4.1 points to reach a similar level of confidence. The industry indexes for sales and profits also remained confident, while the indexes for hiring and capital expenditures decreased slightly. Though high, Birmingham-Hoover business executives have slightly lower confidence than the pooled expectations of businesses statewide.

After a 3.9-point gain to reach 62.5, the Birmingham-Hoover sales index is very confident moving into the second quarter of 2018. A 61.1-percent majority of respondents forecast an increase in sales. About 22.2 percent expect to see steady sales, and 16.7 percent anticipate a decline in the coming quarter.

Birmingham-Hoover business leaders are confident that profits will continue to rise in Q2 2018 with an index of 60.4, a 1.2-point increase from Q1’s index. A 55.6-percent segment of panelists expect a higher level of growth; 25.0 percent anticipate no major change compared with the previous quarter’s profits; and 19.4 percent forecast a decrease in the second quarter profits.

Though hiring has the lowest industry index in Birmingham-Hoover, area businesses still forecast an increase in hiring with moderate confidence in Q2 2018. With an index reading of 58.3 after a 0.9-point decrease, 47.2 percent anticipate higher growth, while 38.9 percent forecast hiring levels staying constant in the coming quarter, and 13.9 percent anticipate a decrease compared to the previous quarter.

An increase in capital expenditure is expected in Birmingham-Hoover with continued strong confidence. The index registered at 61.1 after a 0.1-point decrease from its first quarter levels. Just over half of area businesses expect an increase in their capital spending in Q2 2018 at 55.6 percent, 30.6 percent do not expect a change, and 13.9 percent anticipate a slowdown in capital expenditure compared to the previous quarter.

Birmingham-Hoover Metro Area: Business Environment Expectations

Q2 2018 compared to Q1 2018

Birmingham-Hoover’s index for the U.S. economy remained high at 66.7 after a 0.9-point increase from Q1 2018. A 67.4-percent majority is forecasting better national economic conditions in Q2 2018, 23.2 percent anticipate no change, and only 9.4 percent of Birmingham-Hoover business leaders are expecting a worse national economic outlook compared with the previous quarter.

The Alabama economic outlook is also very confident after increasing 4.1 points to reach 66.0. Two-thirds of area panelists forecast a better performance for the Alabama economy, while 27.8 percent expect a continuation of the first quarter’s conditions. The remaining 5.6 percent anticipate a worse statewide economic outlook moving into the second quarter.

ABCI™ Birmingham-Hoover

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.
The Center for Business and Economic Research would like to thank all Birmingham-Hoover metro area business executives who completed the second quarter 2018 ABCI survey. We look forward to a continuing partnership with the Birmingham Business Alliance and encourage you to return for the third quarter 2018 survey June 1-15.

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