

Montgomery Area Business Confidence Increases

The Montgomery ABCI for the second quarter of 2011 signals that optimism is still increasing after the index moved back into positive territory in the first quarter. ABCI Montgomery rose 2.9 points to 56.8, the second highest reading among the state's major metro areas. Strong forecasts for the national and Alabama economies particularly helped the index, but nearly all components increased from last quarter.

Sales growth is expected to be strong, with almost 61 percent of respondents expecting an increase and just 25 percent forecasting a decrease. This is expected to positively impact profits, as half of panelists anticipate profit growth, while only 25 percent foresee profit reductions.

Montgomery area business executives also forecast overall gains in employment, as the index for industry hiring came in at 53.6. Capital expenditures is the only component of the index to fall from last quarter; at 50 indications are that capital spending will be stagnant in the Montgomery area during second quarter 2011.

Industry outlooks are mixed, with executives in finance, insurance, and real estate and in other services the most optimistic. Panelists in professional, scientific, and technical services and construction have the most negative expectations for the second quarter.

Second Quarter 2011 Outlook		
	Montgomery	Alabama
ABCI	56.8	55.8
National Economy	58.9	53.6
Alabama Economy	62.5	57.3
Industry Sales	59.8	61.9
Industry Profits	56.2	55.8
Industry Hiring	53.6	53.1
Capital Expenditures	50.0	53.1

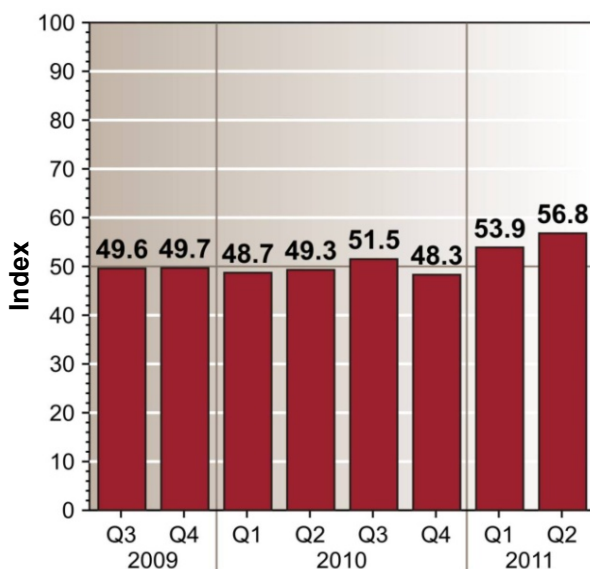
Index above 50 indicates expansion.
Index below 50 indicates contraction.
Black increase from previous quarter.
Red decrease from previous quarter. **Blue** no change.

Montgomery Metro Area:

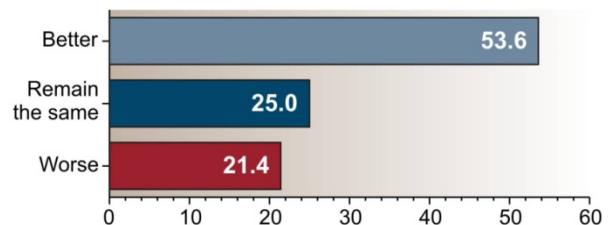
Business Environment Expectations Q2 2011 compared to Q1 2011

Montgomery area executives are optimistic regarding the business and economic climates for both the state and the nation. The indexes for the U.S. and Alabama economies were 58.9 and 62.5, both up from last quarter and suggesting that economic expansion is very likely.

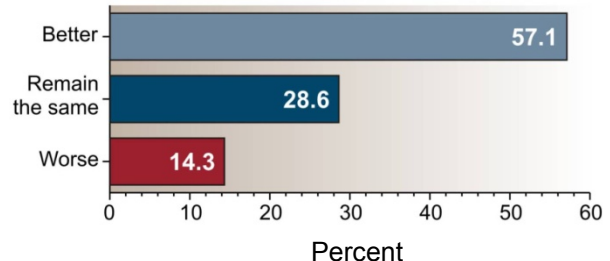
ABCI Montgomery



National Economic Outlook



Alabama Economic Outlook

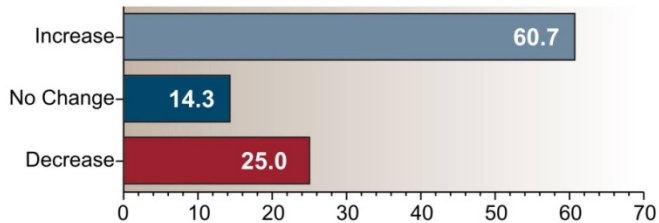


Montgomery Metro Area:

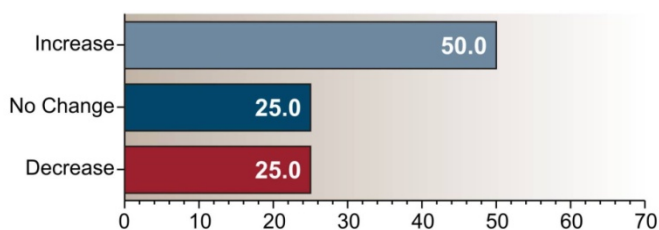
Industry Performance Expectations

Q2 2011 compared to Q1 2011

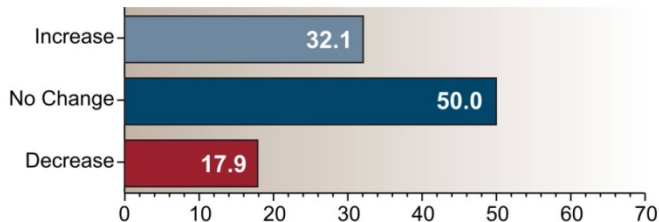
Sales



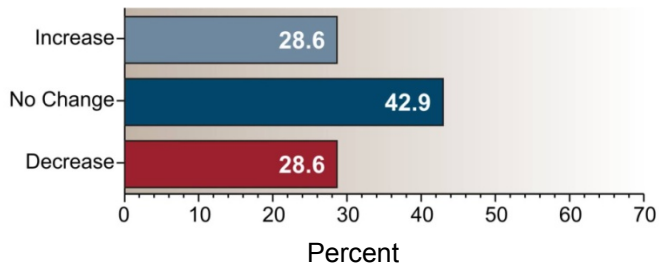
Profits



Hiring Plans

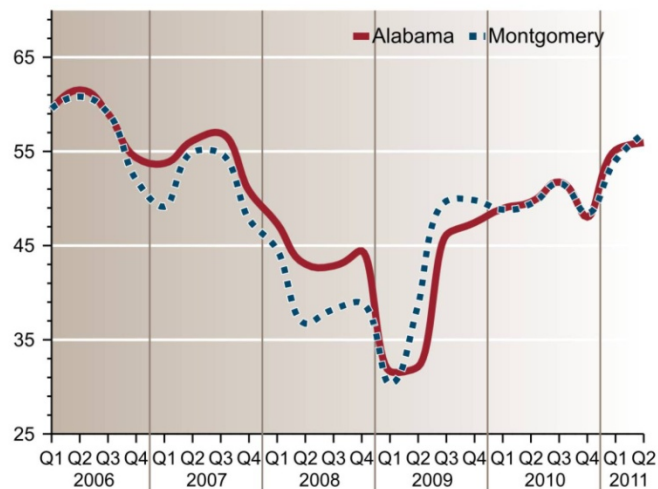


Capital Expenditures



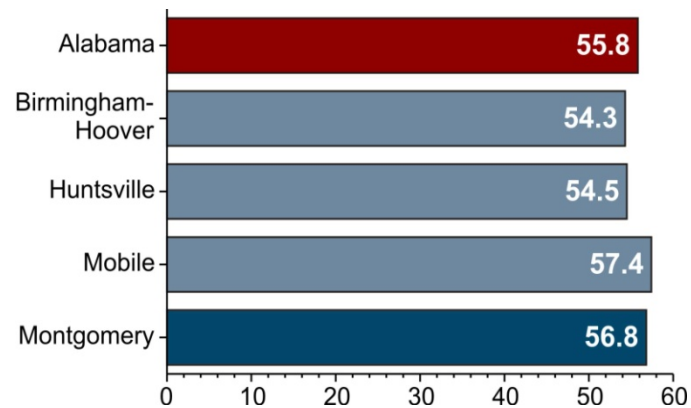
ABCI Montgomery in Context

ABCI Montgomery continued to trend upward from a bottom of 30.2 seen in the first quarter of 2009. Despite a temporary drop below 50 in fourth quarter 2010, the positive trend clearly indicates the recovery is expected to continue; the index is now well into expansionary territory at 56.8. The Montgomery metro area ABCI has closely tracked the statewide index in recent quarters.



State budget cuts do not appear to have significantly hampered Montgomery executives' expectations for a continued recovery. While certain industries have better outlooks than others, across the board economic expansion is expected going forward this spring.

ABCI by Metro Area Q2 2011



The Center for Business and Economic Research would like to thank all Montgomery metro area business executives who completed the second quarter 2011 ABCI survey during the first two weeks of March. We look forward to a continuing partnership with the Montgomery Area Chamber of Commerce and encourage you to return for the third quarter 2011 survey June 1-15. For more details on the *Alabama Business Confidence Index™*, visit cber.cba.ua.edu/ABCI. Analysis provided by Jonathan Law, Research Associate.



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