Montgomery area business confidence rose 3.4 points to 58.8 on the second quarter 2014 ABCI survey, the highest reading of the four large metro areas. Business executives here are the most optimistic about prospects for the state’s economy and their own industry sales this quarter. All six ABCI components forecast improvement, although increases in hiring and capital spending will be weaker than last quarter.

Most Montgomery area businesses should see sales pick up in the second quarter; the index climbed 9.5 points to 65.6 with 62.5 percent of panelists forecasting an increase in sales and only 8.3 percent anticipating a decrease. Almost 44 percent expect profits to be higher, while 39.6 percent feel their industry’s profits will be about the same as in the first quarter. The area profits index rose 4.5 points to 58.3.

Job growth is likely to be modest in the second quarter. The hiring index slipped 0.4 points to 52.6, with about 46 percent seeing no change in the pace of hiring and a positive net 12.5 percent expecting an increase. An index of 55.7 forecasts a moderate increase in capital investment. Almost 46 percent of respondents anticipate no change from first quarter levels and 35.4 percent forecast an increase.

Montgomery area firms in transportation, information, and utilities; financial activities; and other services are optimistic about all aspects of business performance in the second quarter. Manufacturers should also fare well, despite modest gains in profits and hiring. Hiring is expected to weaken in business services, healthcare, and retail trade.

**Montgomery Metro Area:**

**Business Environment Expectations Q2 2014 compared to Q1 2014**

Panelists in the Montgomery metro area have a very positive forecast for the Alabama economy in the second quarter of 2014. Most (52.1 percent) expect stronger growth, while 37.5 percent think the pace will be about the same as last quarter. Over 85 percent of area business executives feel the U.S. economy should be stable or improving in the second quarter.
Montgomery Metro Area: 

Industry Performance Expectations
Q2 2014 compared to Q1 2014

Sales

Profits

Hiring Plans

Capital Expenditures

ABCI Montgomery in Context

Montgomery business confidence increased again this quarter; the area outlook has stayed in positive territory over the last five quarters. At 58.8, the metro’s second quarter ABCI is 5.5 points higher than a year ago. Local business optimism continues to be well above the statewide reading.

Businesses statewide and in the four largest metro areas are generally feeling optimistic about the economic environment and their industry prospects in the second quarter of 2014. Confidence registered above 50 in all areas for the first time since the second quarter of 2012. Passage of the Bipartisan Budget Act and implementation of the Affordable Care Act have helped remove some of the uncertainty that had been depressing sentiment, although Huntsville is still experiencing the effects of federal spending reductions.

ABCI by Metro Area Q2 2014

The Center for Business and Economic Research would like to thank all Montgomery metro area business executives who completed the second quarter 2014 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 2014 survey June 1-15. For more details on the Alabama Business Confidence Index™, visit cber.cba.ua.edu/ABCI. Analysis provided by Carolyn Trent, Socioeconomic Analyst.