Montgomery ABCI Remains Confident in the Second Quarter

Moving into the second quarter of 2018, business confidence in Montgomery remained high at 63.5 after decreasing only 0.4 points from Q1 2018. All component indexes remained above 60, indicating sustained expectations for economic growth, despite decreases in the metro indexes for sales, profits, hiring, and the national economy.

The sales index decreased 2.2 points to register at a very confident 63.2 for Q2 2018. A 64.7-percent majority of Montgomery business leaders anticipate an increase in sales, 11.8 percent of panelists indicated expectations for slower sales, and 23.5 percent forecast no change compared to their first quarter sales.

Montgomery businesses expect profits to increase with confidence, as shown by the index reading of 60.3, despite a 2.8-point decrease from Q1 2018. About 52.9 percent of local business leaders expect an increase in profits, 29.4 percent anticipate a continuation of Q1’s levels, and 17.6 percent forecast a decrease in profits in Q2 2018.

Hiring in Montgomery is expected to increase in the coming quarter with an index reading of 61.8, after a 0.1-point decrease. Though 58.8 percent of Montgomery executives plan to increase hiring in the coming quarter, 29.4 percent expect to hire at the same pace. The remaining 11.8 percent of area panelists anticipate slowing their hiring this quarter.

Metro panelists anticipate an increase in capital investment with an index of 61.8 after a 2.2-point gain in Q2 2018’s survey. A 58.8-percent majority expect to increase their spending levels, 35.3 percent forecast no change, and only 5.9 percent anticipate a decrease in the coming quarter.

Second Quarter 2018 Outlook

<table>
<thead>
<tr>
<th></th>
<th>Montgomery</th>
<th>Alabama</th>
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<tbody>
<tr>
<td>ABCI</td>
<td>63.5</td>
<td>64.0</td>
</tr>
<tr>
<td>National Economy</td>
<td>66.2</td>
<td>66.8</td>
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<tr>
<td>Alabama Economy</td>
<td>67.6</td>
<td>68.3</td>
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<tr>
<td>Industry Sales</td>
<td>63.2</td>
<td>64.9</td>
</tr>
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<td>Industry Profits</td>
<td>60.3</td>
<td>62.3</td>
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<tr>
<td>Industry Hiring</td>
<td>61.8</td>
<td>60.0</td>
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<tr>
<td>Capital Expenditures</td>
<td>61.8</td>
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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.

Montgomery Metro Area: Business Environment Expectations Q2 2018 compared to Q1 2018

Though the index decreased 2.9 points in the Q2 2018 survey, the index for the national economy remains very confident at 66.2. A majority of 55.8 percent of Montgomery business leaders expect better economic conditions in the coming quarter and 41.2 percent anticipate no change. No panelists forecast worse U.S. conditions compared to Q1 2018.

Expectations for the Alabama economic outlook increased 3.4 points to reach a very confident 67.6 in the Q2 2018 survey. With 70.6 percent, most Montgomery business leaders expect a stronger statewide economy, while 29.4 percent anticipate a continuation of the previous quarter’s conditions. No panelists indicated worse expectations for the statewide economy in the coming quarter.
Montgomery business confidence remains at 63.5 despite decreasing 0.4 points in the Q2 2018 survey. This is the 20th consecutive quarter that the ABCI Montgomery has been above 50 and is building on the five previous quarters that have an average ABCI of 62.4, indicating strong, prolonged expectations for growth by area business leaders.

Business sentiment in Alabama’s four largest metro areas continued to register as very positive in the second quarter of 2017 with all ABCIs registering above 60. Mobile is forecasting growth with the most confidence with an area index of 65.8. Huntsville and Montgomery followed with ABCIs of 63.8 and 63.5, respectively. With an ABCI of 62.5, Birmingham-Hoover business confidence is the lowest, but area businesses are still anticipating growth in the coming quarter with strong confidence.

Montgomery Metro Area:
Industry Performance Expectations
Q2 2018 compared to Q1 2018

Sales
- Increase: 64.7%
- No Change: 23.5%
- Decrease: 11.8%

Profits
- Increase: 52.9%
- No Change: 29.4%
- Decrease: 17.6%

Hiring
- Increase: 58.8%
- No Change: 29.4%
- Decrease: 11.8%

Capital Expenditures
- Better: 58.8%
- No Change: 35.3%
- Worse: 5.9%

The Center for Business and Economic Research would like to thank all Montgomery metro area business executives who completed the second quarter 2018 ABCI survey. We look forward to a continuing partnership with the Montgomery Chamber of Commerce 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.