Expectations for the national and state economies as well as industry sales, profits, hiring plans, and capital expenditures are combined into the Business Leaders Confidence Index. During March 2002, Alabama panelists completed the online survey that is used to derive the BLCI for the second quarter. Panelists this quarter represented all major industry groups in a broad spectrum of businesses statewide.

Alabama business leaders’ expectations correctly anticipated the economic recovery that took hold during the first quarter of 2002. The consensus expectations for second quarter 2002 are more robust than those measured in the inaugural first quarter index. Business leaders expect strong overall economic improvement compared to the previous quarter, as evidenced by a BLCI of 63. A BLCI of 50 is neutral. Economic conditions in Alabama are also expected to be better than a year ago, with a BLCI of 57 for the second quarter of 2002 compared to the second quarter of 2001.

Responses of the BLCI panelists signal growth and recovery in every component of the index during the second quarter. Three out of four Alabama business leaders expect the U.S. economy to strengthen in the second quarter, while 59 percent anticipate at least moderate recovery in the Alabama economy. Over 72 percent forecast industry sales above first quarter levels. Profits should generally improve during the quarter, with 56 percent of panelists expecting profits in their industry to be up from first quarter levels. Although hiring generally lags a recovery, one third of panelists foresee moderate increases in hiring during the quarter, while 58 percent anticipate no change in hiring plans. Business leaders expect to be cautious about increasing capital expenditures, with 47 percent forecasting no change. Still, 43 percent see capital spending in their industry rising during the second quarter.

The Business Leaders Confidence Index is developed in partnership between Compass Bank and the Center for Business and Economic Research. Complete BLCI results can be found at http://blcindex.cba.ua.edu.

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