

# Business Outlook Survey

Research Department

July 1986

Manufacturing activity in the region is picking up marginally this month, following a three month lull. Among local industrial firms polled for the July survey, 25 percent report increasing business while only 16 percent note a slowdown; 49 percent say the pace of their activity is unchanged from June.

Specific measures of manufacturing activity are mixed, but indicate some improvement, on balance. New orders are up fractionally, matched by a similar increase in shipments; consequently, order backlogs are unchanged. Inventory levels, however, are falling. Employment is virtually unchanged from June, with two-thirds of the firms covered by the July survey maintaining stable payrolls. A more positive development is a slight increase in working hours at area industrial plants, overall.

Manufacturers in the region have positive views of the future, on the whole. More than half of the companies participating in the July survey predict better business conditions over the next six months while 20 percent anticipate a slowdown. Survey respondents forecast gains in new orders and shipments, and they expect unfilled orders to grow slightly as well. They anticipate an essentially stable employment situation for the next six months, with steady payrolls and a slight upturn in working hours. Capital spending programs are being expanded slightly; although 60 percent of the firms contacted this month plan no change in outlays for new plant and equipment, one-quarter are scheduling greater expenditures.



Prices of industrial goods in the region are steady. Eighty-five percent of the July survey respondents say input costs are unchanged from last month and 80 percent are holding the line on the prices of their own products. Looking ahead, local manufacturers anticipate higher prices. Over the next six months, 49 percent expect to pay more for the goods they purchase and one-third plan to raise the prices of the products they make.

In summary, industrial activity in the region is edging up this month. Area manufacturers expect business to improve in the second half of the year, but they foresee only steady conditions for employment.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

JULY 1986

| INDICATOR  | July vs. June |           |          | Six Months from Now vs. July |           |          |
|--|---------------|-----------|----------|------------------------------|-----------|----------|
|  | Decrease      | No Change | Increase | Decrease                     | No Change | Increase |
| <b>GENERAL BUSINESS CONDITIONS</b>                                 |               |           |          |                              |           |          |
| What is your evaluation of the level of general business activity? | 15.7          | 49.0      | 24.8     | 20.5                         | 23.0      | 54.1     |
| <b>COMPANY BUSINESS INDICATORS</b>                                 |               |           |          |                              |           |          |
| New Orders   | 16.2          | 52.9      | 30.9     | 17.9                         | 23.7      | 56.6     |
| Shipments  | 14.8          | 54.7      | 30.5     | 17.3                         | 25.9      | 55.8     |
| Unfilled Orders  | 20.0          | 60.7      | 19.3     | 19.0                         | 42.4      | 35.5     |
| Delivery Time  | 13.5          | 84.6      | 1.6      | 8.0                          | 75.6      | 13.3     |
| Inventories  | 38.4          | 45.8      | 15.8     | 34.4                         | 40.2      | 22.2     |
| Prices Paid  | 6.4           | 85.1      | 8.4      | 4.5                          | 46.3      | 48.9     |
| Prices Received  | 11.5          | 79.7      | 8.9      | 9.1                          | 58.1      | 32.9     |
| Number of Employees  | 19.7          | 65.4      | 14.8     | 26.0                         | 43.4      | 27.4     |
| Average Employee Workweek  | 6.7           | 74.5      | 17.0     | 12.3                         | 64.9      | 21.0     |
| Capital Expenditures   |               |           |          | 8.9                          | 60.3      | 24.6     |

Notes: (1) Items may not add to 100 percent because of omission by respondents.  
 (2) All data seasonally adjusted.