

Business Outlook Survey

Research Department

December 1986

The region's industrial sector will close out 1986 on an upbeat note, according to the latest Business Outlook Survey. For the sixth month in a row, surveyed manufacturers making gains outnumber those with slower business. Forty percent of the firms polled in December say business is improving from last month, while only 11 percent report a drop; 48 percent indicate no change from last month's pace.

Most measures of industrial activity indicate improvement this month. New orders and shipments are up and order backlogs are rising fractionally, as well. An encouraging development in this month's survey is a marginal rise in employment; for the first time since February, more firms are adding to payrolls than are cutting back.

Looking ahead, local manufacturers express some optimism. Forty-seven percent of the December survey respondents predict further improvement during the first half of 1987, and 40 percent expect steady conditions; only 10 percent anticipate a slowdown in the months ahead. Overall, survey participants expect increases in new orders and shipments; but despite this month's rise in employment, area firms' plans are not likely to bring major additions or reductions to workforces over the next six months. The rate of capital spending is also likely to remain steady during the first half



of next year.

Industrial prices in the region are mostly stable. Although 18 percent of this month's survey respondents note recent price hikes for the goods they purchase, 78 percent say charges for materials are steady. Area manufacturers have maintained constant prices for their own products. Looking ahead, about half of the survey participants anticipate higher input costs during the first half of next year, and half expect no change. For their own products, two-thirds plan to hold the line and one-third have scheduled some price increases.

In summary, as the region completes two quarters of industrial expansion, area manufacturers look for continued growth in the new year; they expect only steady conditions for employment, however.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

DECEMBER 1986

INDICATOR	December vs. November			Six Months from Now vs. December		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	11.0	48.0	39.6	10.4	39.7	46.5
COMPANY BUSINESS INDICATORS						
New Orders	11.0	49.6	39.4	15.2	45.7	38.4
Shipments	7.4	52.2	40.4	16.8	41.2	42.0
Unfilled Orders	13.6	58.4	25.0	17.9	60.9	20.8
Delivery Time	11.1	78.5	10.4	14.5	67.4	18.1
Inventories	23.8	54.5	20.6	39.3	31.3	29.4
Prices Paid	0.7	78.4	17.5	2.4	48.7	48.1
Prices Received	2.2	89.1	6.9	3.7	64.2	32.1
Number of Employees	12.8	61.6	20.0	23.7	52.8	21.3
Average Employee Workweek	13.1	70.7	12.8	23.4	59.6	11.9
Capital Expenditures				17.2	54.2	20.7

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