

Business Outlook Survey

Research Department

January 1987

After posting six consecutive monthly gains, the local manufacturing sector is taking a breather in January, according to the latest Business Outlook Survey. While firms reporting improving business this month edged out those reporting slower business, they did so by only a slim margin.

A slackening in the 6-month-old upturn is reflected in most measures of industrial activity in January. New orders are up fractionally, but shipments, order backlogs, and inventories are all virtually unchanged. Employment is also at a standstill; a majority of firms are holding both payrolls and working hours steady, and increases at some plants are being offset by reductions at others.

In their outlook for the first half of 1987, local manufacturers have mostly positive views. Forty-three percent of the January survey respondents expect continued growth and 38 percent anticipate steady conditions; only 15 percent forecast a slowdown in the next six months. Overall, survey respondents are looking for increases in orders and shipments; they do not plan any changes in workforces or hours, however. On balance, capital spending plans call for a steady rate of outlays during the next six months.



Industrial prices in the region are stable. Around 80 percent of the firms contacted in January say both input and output prices are unchanged from last month; however, 15 percent note increased costs for the goods they purchase, and 12 percent are charging more for their own products. Looking ahead, survey participants anticipate some price hikes in the next six months. Although 62 percent intend to hold the line on prices for the goods they make, one-third are planning increases. For goods purchased, 57 percent expect higher charges while 42 percent foresee steady prices.

In summary, industrial activity in the region is moving up marginally as the new year begins, and area manufacturers are optimistic that growth will continue.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

JANUARY 1987

INDICATOR	January vs. December			Six Months from Now vs. January		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	20.5	53.2	26.1	15.4	38.4	43.4
COMPANY BUSINESS INDICATORS						
New Orders	13.4	59.7	26.9	13.2	38.6	48.2
Shipments	22.0	55.0	20.7	11.5	45.5	36.7
Unfilled Orders	18.9	59.3	20.2	24.0	56.5	19.5
Delivery Time	12.6	73.5	11.8	19.1	67.0	12.9
Inventories	24.6	49.1	22.9	44.1	40.5	12.1
Prices Paid	4.4	81.0	14.6	0.0	42.0	57.3
Prices Received	8.0	80.0	11.7	2.1	62.0	33.3
Number of Employees	15.3	69.3	15.3	15.1	64.7	16.7
Average Employee Workweek	17.8	62.5	19.7	12.9	68.3	16.2
Capital Expenditures				20.4	50.7	17.9

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