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# Business Outlook

## SURVEY

Research Department

February 1987

Area manufacturers have stepped up operations marginally following a lull in January, according to this month's Business Outlook Survey. Twenty-six percent of the industrial firms responding to the February survey say business is picking up from the previous month, 15 percent report slower business, and 59 percent indicate no change.

Specific indicators of industrial activity are mixed. Positive readings are given by increases in orders and shipments this month. Employment is only steady, however; three-fourths of the firms polled in February report level payrolls. On the downside, this month's survey indicates rising inventories and a marginal drop in order backlogs.

Looking ahead, area manufacturers generally expect stable or improving conditions. Forty-six percent of the firms polled in February predict further growth during the next six months, while only 14 percent anticipate a slowdown; 44 percent expect no change. On balance, survey respondents forecast increases in the rates of both new orders and shipments, but they do not expect order lists to grow and they do not anticipate working down inventories further. Responses to the survey also indicate that there will be little change in factory employment over the next six months.



Industrial prices are mostly steady. More than three-fourths of the firms contacted this month say both input and output prices are unchanged from January. Survey respondents expect some increases in the future, however. More than half anticipate higher input costs during the next six months; and, although just over half plan to hold their own prices steady, one-third intend to raise prices.

In summary, industrial activity in the region is edging up in February, and local manufacturers expect some further expansion in the next six months.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

FEBRUARY 1987

INDICATOR	February vs. January			Six Months from Now vs. February		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	15.0	59.4	25.6	14.1	44.4	39.2
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	18.1	53.5	28.4	14.9	44.9	38.3
Shipments	17.2	50.8	32.0	13.0	44.5	42.3
Unfilled Orders	23.8	58.7	17.6	18.0	62.8	17.4
Delivery Time	14.8	78.1	7.1	13.5	83.2	2.7
Inventories	8.5	63.2	28.2	27.9	47.2	24.0
Prices Paid	3.8	75.7	20.6	0.0	42.2	56.3
Prices Received	5.7	80.0	12.2	7.4	54.1	33.9
Number of Employees	8.5	75.7	13.8	17.4	68.6	14.0
Average Employee Workweek	13.2	69.5	14.1	16.1	75.4	8.5
Capital Expenditures				12.8	56.4	28.3

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