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Business Outlook

Survey

Research Department

April 1987

The April Business Outlook Survey indicates that local industrial activity is moving up slightly again after a pause in March, continuing the stop-and-go pattern that has marked 1987 thus far. Just 20 percent of the manufacturers covered by the April survey are stepping up operations, while 12 percent are cutting back; two-thirds are operating at a steady pace.

Although there are some positive signs this month, there is no general indication of significant strengthening in the region's industrial sector. New orders and shipments are advancing slightly, but order backlogs are slipping fractionally. Employment is also off a bit; although nearly three-fourths of the firms contacted in April are maintaining steady payrolls, 17 percent are cutting back, and only 10 percent are adding employees.

Looking ahead, local manufacturers forecast little change in the pace of business. Survey respondents expecting improvement during the next six months just edge out those anticipating a slowdown, resulting in the lowest net positive forecast since April 1980. On balance, firms participating in this month's survey project only marginal gains in new orders and shipments in the second and third quarters. They also indicate that employment prospects are not good; although half of the survey respondents intend to



maintain steady payrolls, companies planning cutbacks exceed those looking to hire more workers by two to one.

Industrial prices in the region are mostly stable. Three-fourths of the firms polled in April say input costs are unchanged from last month, and more than 80 percent report steady prices for their own products. Survey respondents expect some increases in the future, however. For the next six months, more than 50 percent anticipate higher charges for the goods they purchase; and, although just over half intend to maintain steady prices for the goods they make, more than one-third plan to raise prices.

In summary, industrial activity in the region is moving up slowly in April, but local manufacturers do not expect strong gains over the next six months.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

APRIL 1987

INDICATOR	April vs. March			Six Months from Now vs. April		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	12.2	64.2	19.6	30.8	31.1	36.4
COMPANY BUSINESS INDICATORS						
New Orders	16.2	52.0	30.2	26.4	32.0	40.5
Shipments	14.8	60.0	24.5	26.7	32.7	33.5
Unfilled Orders	25.2	56.9	14.7	20.5	63.0	15.6
Delivery Time	16.4	70.8	11.7	16.8	76.5	6.7
Inventories	26.0	45.6	23.5	42.3	37.1	20.6
Prices Paid	1.2	74.2	23.3	5.7	41.4	52.9
Prices Received	1.0	82.7	14.8	7.8	54.8	37.1
Number of Employees	17.2	71.1	10.2	32.3	51.7	15.5
Average Employee Workweek	7.5	80.4	10.8	24.8	56.6	18.6
Capital Expenditures				21.7	52.5	25.8

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