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# Business Outlook

## Survey

### Research Department

November 1987

According to the November Business Outlook Survey, the region's industrial sector is chalking up its eighth consecutive month of expansion. Moderate growth is reflected in area manufacturers' overall assessment of current economic conditions; and measures of new orders, shipments, and employment are up as well. Order backlogs are holding steady this month, as output at local firms stays in step with demand.

The stock market's sharp decline in October appears to have prompted some concern for the future among survey respondents. While positive views still edge out pessimistic expectations in the November survey, the overall level of optimism is off from recent months. Also, several survey participants say the unsettled situation in the financial markets has increased the uncertainty of their own short-term forecasts of business conditions. Nevertheless, on balance, managers at area firms are planning to go ahead with capital spending plans; 25 percent of the companies polled in November plan higher outlays for plant and equipment over the next six months, while only 14 percent intend to reduce investment spending.

Industrial prices, both paid and received, are holding steady for a majority of respondents in November. Some upward pressure is apparent,



however, as it has been for the past few months, with input costs up at about 40 percent of the plants polled and prices for goods sold up at about 20 percent. Looking ahead, three-fourths of the respondents expect to pay more for inputs six months from now, and over half plan to raise the prices of the goods they make.

In summary, industrial activity in the region is expanding moderately in November and area manufacturers expect growth to continue for the next six months, perhaps at a somewhat slower pace. However, some note that volatile conditions in financial markets recently have increased the uncertainty of the business outlook.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

NOVEMBER 1987

INDICATOR	November vs. October			Six Months from Now vs. November		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	10.2	56.6	26.2	24.4	38.8	35.3
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	15.8	52.8	31.4	29.2	35.3	31.9
Shipments	15.1	49.1	35.8	23.4	39.9	35.4
Unfilled Orders	19.4	64.3	16.3	21.5	59.0	19.0
Delivery Time	11.1	79.7	8.4	13.5	82.1	4.4
Inventories	25.0	59.7	14.4	24.2	58.2	16.3
Prices Paid	1.2	55.7	42.8	0.0	24.3	75.7
Prices Received	0.7	79.4	18.9	4.8	40.9	52.3
Number of Employees	9.2	75.1	15.6	18.0	70.6	10.4
Average Employee Workweek	7.5	82.2	7.8	22.9	72.1	2.6
Capital Expenditures				13.7	61.4	24.5

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