

Business Outlook Survey

Research Department

June 1988

The region's industrial sector continues to advance, according to the June Business Outlook Survey. Among local manufacturers polled this month, 27 percent said business was picking up while only 8 percent said it was slower compared to May.

Most measures of business conditions show improvement. New orders and shipments are rising, and order backlogs, which had been flat since the beginning of the year, are moving up fractionally this month. Employment is continuing on its year-long upward trend.

Forecasting business conditions for the next six months, local firms generally foresee further growth: 46 percent predict continued expansion while 22 percent anticipate a drop from the current pace of activity. On balance, survey respondents look for gains in both new orders and shipments, and they expect order lists to grow slightly. Overall, area industrial companies are planning moderate increases in employment and capital spending between now and year-end.

Upward price pressure continues to accompany the expansion in industrial activity. With 64 percent of surveyed firms reporting increases in the prices of purchased goods, this index is registering its highest reading since May 1981. Survey respondents generally expect further



increases in costs: 82 percent predict input costs will rise during the second half of the year. For their own products, one-third of the survey participants are charging more this month compared to last, and nearly half plan to raise prices over the next six months.

In summary, manufacturing in the region is making modest gains in June, with employment continuing to advance and order books firming. Local firms expect these trends to extend at least through the end of the year.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

JUNE 1988

INDICATOR	June vs. May			Six Months from Now vs. June		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	7.3	65.7	26.5	22.3	31.5	46.3
COMPANY BUSINESS INDICATORS						
New Orders	16.4	39.9	43.0	18.7	23.5	56.9
Shipments	10.9	45.1	44.0	19.4	23.4	52.2
Unfilled Orders	15.9	56.9	26.7	17.1	52.6	29.8
Delivery Time	16.3	63.0	15.7	16.9	67.6	13.2
Inventories	25.9	45.0	29.0	30.0	36.6	32.7
Prices Paid	2.0	33.0	64.1	1.5	15.6	81.5
Prices Received	4.0	62.9	33.1	2.0	51.3	46.4
Number of Employees	7.3	70.2	22.5	11.5	57.9	30.4
Average Employee Workweek	8.1	73.0	19.0	11.2	77.5	11.3
Capital Expenditures				3.2	53.5	32.3

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