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s Outlook

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Industrial activity in the region is running at a steady pace overall this month, according to the latest Business Outlook Survey. Fifty-nine percent of the area manufacturers responding to the June survey say business is unchanged from May, 17 percent note improvement, and 20 percent report slower business.

Specific indicators of manufacturing activity are mixed, but show little change on the whole. New orders and shipments are registering small gains, while order backlogs are edging down. Employment is off marginally; although two-thirds of the firms covered by the June survey are maintaining steady employment levels, 20 percent are reducing payrolls, while just 13 percent are adding workers.

Local manufacturers are optimistic about business conditions for the balance of 1986. More than half of the June survey respondents expect a pickup in business over the next six months, while only 16 percent anticipate weakening conditions. On balance, gains are forecast for both new orders and shipments, while unfilled orders are expected to remain at current levels. The employment situation is not expected to improve, however. Although two-thirds of the firms polled in June intend to maintain steady workforces for the rest of the year, 19 percent plan cuts, while only 11 percent expect to add to payrolls. Capital spending plans call for slight increases in the second half of the year.



Prices of industrial goods in the region are steady. Eighty-nine percent of the June survey respondents say input costs are unchanged from last month; 76 percent report stable prices for their own products, although 18 percent have cut prices of the goods they sell. Looking ahead, survey respondents expect some price increases. Thirty-five percent anticipate higher charges by year-end for the goods they purchase and 32 percent plan to raise the prices of the products they manufacture.

In summary, industrial activity in the region is steady this month. Local manufacturers look forward to improving business conditions in the second half of the year, but they do not foresee any improvement in the employment situation.