

# Business Outlook Survey

Research Department

August 1986

The pace of industrial activity in the region is rising marginally this month, according to the latest Business Outlook Survey. Twenty-three percent of the local manufacturers participating in the August survey say they are stepping up operations from July, while only 16 percent indicate slower business and 61 percent report no change.

Specific indicators of manufacturing activity vary this month, either reflecting growth or showing no change. New orders and shipments are up, but the level of unfilled orders is just steady. Employment is stable, with 83 percent of the survey participants maintaining steady payrolls, and more than two-thirds holding working hours constant.

Looking ahead, area manufacturers are generally optimistic. Forty-nine percent of those contacted for the August survey expect business to pick up over the next six months, and only 23 percent anticipate a slower period ahead. Overall, survey respondents predict gains in new orders and shipments, and a slight increase in order backlogs. The employment situation is not expected to improve, however. Although 56 percent of the companies surveyed in August intend to maintain current workforces, 24 percent anticipate cutting payrolls over the next six months while only 17 percent plan to hire more workers. Responses to the survey indicate that the rate of capital spending by area manufacturers is likely to remain steady over the next six months.



Prices of industrial goods in the region are mostly stable. Eighty-five percent of the companies polled in August say input costs are unchanged from July, and three-fourths report steady prices for their own products. Looking ahead, nearly half of the survey respondents forecast level prices for both inputs and outputs; but around one-third expect prices increases for the goods they sell as well as the goods they purchase.

In summary, the pace of industrial activity in the region is moving up slightly in August. Local manufacturers foresee continued improvement over the next six months, but they do not expect the pickup to affect employment or capital spending.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

AUGUST 1986

INDICATOR	August vs. July			Six Months from Now vs. August		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	16.1	60.6	23.3	23.1	23.6	48.9
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	14.0	52.3	33.2	23.6	30.4	45.9
Shipments	12.2	52.6	33.2	22.0	32.6	41.8
Unfilled Orders	20.7	59.5	18.1	21.2	46.4	29.2
Delivery Time	11.8	84.7	1.7	14.9	74.6	8.4
Inventories	28.7	51.4	19.9	31.8	43.1	25.0
Prices Paid	10.5	85.1	4.4	11.4	47.0	39.1
Prices Received	17.4	75.4	6.2	18.6	46.0	33.9
Number of Employees	10.6	82.5	4.9	23.7	55.9	17.0
Average Employee Workweek	18.7	68.2	13.2	16.8	63.7	17.4
Capital Expenditures				23.1	54.2	19.6

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