

Outlook

Research Department

September 1986

Industrial activity in the region is growing slightly this month, according to the latest Business Outlook Survey. Twenty-two percent of the local manufacturing firms covered by the September survey are stepping up operations from August, while only 10 percent are cutting back; 63 percent are running at a steady rate.

Specific measures of manufacturing activity are mixed, with some moving up and others level with last month. Positive indications are given by rising orders and shipments and a drop in inventories. Order backlogs are only steady, however. Employment is stable as well. Seventy percent of the survey respondents are maintaining constant payrolls and 83 percent are keeping working hours unchanged.

Looking ahead, area manufacturers participating in the September survey have positive views, on balance. Forty-seven percent expect improvement over the next six months, 31 percent foresee steady conditions, and 21 percent anticipate some easing from the current pace of business. Survey respondents expect new orders and shipments to increase, but they do not anticipate substantial change in the employment situation. Local manufacturers also expect the rate of capital spending to be steady in the six months ahead.

Industrial prices in the region are stable, with 87 percent of September's respondents saying both input costs and output prices are unchanged from last month. Views of the future vary, however. Although just over half of the survey respondents predict steady prices over the next six months, 46 percent anticipate paying more for the goods they purchase, and 30 percent expect to raise the prices of their own products.

In summary, manufacturing activity in the region is growing slightly in September. Local manufacturers foresee continued gains, but they do not expect improvement in employment or increases in capital spending.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS SEPTEMBER 1986

INDICATOR	September vs. August			Six Months from Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	10.0	62.8	21.5	20.5	31.3	47.0
COMPANY BUSINESS INDICATORS						
New Orders	13.2	54.1	32.7	19.5	34.4	44.6
Shipments	4.4	59.1	35.2	21.7	34.5	42.7
Unfilled Orders	20.3	58.2	21.4	19.9	53.2	25.3
Delivery Time	4.3	83.1	10.4	9.4	78.6	8.3
Inventories	39.9	45.6	14.1	46.8	39.2	14.1
Prices Paid	4.3	87.1	8.0	2.8	51.7	45.5
Prices Received	4.8	86.7	8.5	13.4	52.1	29.8
Number of Employees	17.1	70.2	12.6	21.4	64.5	14.2
Average Employee Workweek	8.5	83.0	3.0	6.2	77.6	13.6
Capital Expenditures				17.8	55.2	21.5

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