

B. Turnbull

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Business Outlook Survey

Research Department

April 1988

Manufacturing activity in the region is accelerating, according to the April Business Outlook Survey. Overall, survey respondents are stepping up operations a little more briskly this month than they did in the first quarter. More than one-third of the firms polled in April say business is improving while only one-tenth indicate slower business compared to March.

Most measures of industrial activity reflect improvement. Shipments are increasing, allowing area plants to work down inventories; but the current rate of shipments is also keeping pace with new orders at local firms, so order backlogs are only steady. The employment situation is positive again this month: more firms report hiring workers than cutting back payrolls in April, marking a year of continuous growth in jobs at surveyed companies.

Looking ahead, positive views edge out negative forecasts among area manufacturers in April, reversing the pessimistic balance of opinion that characterized the previous two months. Overall, however, survey respondents remain cautious. They expect some increases in new orders and shipments over the next six months, but they do not anticipate demand improving enough to push up order backlogs. Local firms also plan to boost payrolls slightly, but they will hold capital spending to the current pace.



Industrial prices continue to rise, according to local firms polled this month. Among firms contacted in April, 57 percent report higher input charges compared to March, and 30 percent are raising the prices of their own products. Looking ahead, 68 percent of the survey participants anticipate higher prices for purchased goods in the next six months, and 43 percent plan to hike prices for the products they make.

In summary, the region's industrial sector is moving ahead in April, and employment continues to advance. Area manufacturers are optimistic in their outlook for the next six months--a turnabout from the last two surveys--but still see only slow growth ahead.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

APRIL 1988

INDICATOR	April vs. March			Six Months from Now vs. April		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	10.4	48.0	35.1	26.1	33.3	36.8
COMPANY BUSINESS INDICATORS						
New Orders	19.7	41.1	39.2	26.2	35.1	38.7
Shipments	10.6	44.6	44.8	21.9	35.1	42.9
Unfilled Orders	21.7	54.9	22.8	19.7	58.7	18.2
Delivery Time	5.8	77.4	16.9	21.5	77.5	1.0
Inventories	31.1	44.6	19.2	24.4	42.6	32.7
Prices Paid	0.0	43.0	57.0	0.8	31.0	67.8
Prices Received	3.3	65.2	29.9	7.4	49.3	43.1
Number of Employees	11.2	59.6	29.1	9.2	72.1	16.5
Average Employee Workweek	10.0	70.1	19.8	9.4	82.0	8.6
Capital Expenditures				17.5	58.5	17.0

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