

# Business Outlook Survey

Research Department

September 1988

Activity in the region's industrial sector is quickening as summer ends, according to the September Business Outlook Survey. Thirty-one percent of the firms polled this month report a pickup in business, while only 5 percent are operating at a slower pace than they did last month.

Most indicators of industrial activity show improvement relative to August. New orders and shipments are moving up, and order backlogs are increasing slightly. The employment situation is generally healthy. On balance, area plants are stepping up working hours again and adding to payrolls following the pause in hiring observed last month.

Looking ahead, survey respondents continue to see further growth. Forty-one percent forecast improved business over the next six months while only 12 percent anticipate a slowdown. On balance, survey participants expect increases in new orders and shipments between now and next spring, and, in line with their optimistic expectations, they plan to continue to hire more workers. Managers at area firms are boosting capital spending plans as well; 48 percent of those contacted in September are scheduling greater outlays for plant and equipment during the next six months, the most widespread increase in planned investment in over four years.



Survey respondents continue to report price increases. Fifty-eight percent say they are paying more for inputs this month compared to last, and 28 percent are raising the prices of their own products. Looking to the future, 79 percent expect further increases in the costs of materials and supplies over the next six months, and 56 percent intend to raise the prices of the products they make.

In summary, industrial activity in the region remains on an upward path. Local manufacturers forecast further growth in production and employment through the fall and winter months at least, but they expect continued upward price movements to accompany that growth.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

SEPTEMBER 1988

INDICATOR	September vs. August			Six Months from Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	4.8	63.1	31.0	12.2	36.1	41.3
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	9.6	47.4	43.0	13.2	30.7	49.8
Shipments	11.7	43.7	44.6	13.4	32.5	47.9
Unfilled Orders	15.0	59.0	23.3	22.8	48.8	22.1
Delivery Time	14.4	65.7	17.6	26.1	52.9	14.8
Inventories	24.0	40.7	33.3	38.0	40.6	17.6
Prices Paid	0.0	41.5	58.5	4.7	16.1	79.3
Prices Received	1.2	70.3	28.4	0.6	42.2	55.9
Number of Employees	10.1	64.3	25.4	14.8	50.0	33.6
Average Employee Workweek	3.8	76.9	19.3	10.0	69.1	19.6
Capital Expenditures				9.1	40.3	48.4

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