

Business Outlook Survey

Research Department

August 1984

Manufacturers report that business activity turned up in August, after the previous month's seasonal decline. The August Business Outlook Survey finds 30 percent of the manufacturers polled reporting an increase in industrial activity over July's levels and only 7 percent indicating a slowdown. This month's results mark a continuation of the trend of gradually slowing growth which began in April.

Specific indicators are generally positive, with new orders and shipments both showing healthy rebounds from last month. Employee payrolls are up slightly, while inventories remain unchanged. Down marginally for the month are unfilled orders and the length of the average workweek.

The six-month outlook for general manufacturing activity remains optimistic. About half of August's respondents expect further expansion over the period, while only one fourth anticipate a worsening in the business climate. Robust growth in both new orders and shipments is predicted to continue into 1985, and increases are expected in inventories, producers' backlogs, and employment. These predictions are bolstered by more widespread plans to add to capital outlays.

Manufacturers report that, while industrial prices are higher than they were a month ago, the pressure pushing them up seems to have lessened somewhat. The portion of respondents citing higher prices for inputs this month (26 percent) is the smallest since mid-1983. And, only 10 percent of the executives polled this month report receiving more for output. Despite the small number of respondents reporting price increases, manufacturers' expectations about future price hikes are about

the same as over the last three months. About three fourths of survey respondents expect costs to increase over the next six months and about half expect to receive higher prices for the goods they sell.

Overall, respondents indicate that local manufacturing is back on track after July's seasonal dip. Although industrial growth continues to slow, respondents remain optimistic about the next six months.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS AUGUST 1984

INDICATOR	August vs. July			Six Months from Now vs. August		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	7.0	59.6	29.8	14.0	28.1	52.6
COMPANY BUSINESS INDICATORS						
New Orders	15.8	49.1	33.3	10.5	26.3	59.6
Shipments	7.0	49.1	42.1	14.0	26.3	56.1
Unfilled Orders	29.8	45.6	22.8	14.0	54.4	26.3
Delivery Time	10.5	77.2	10.5	3.5	77.2	15.8
Inventories	28.1	43.9	26.3	22.8	35.1	38.6
Prices Paid	1.8	71.9	26.3	0.0	21.1	77.2
Prices Received	3.5	78.9	17.5	0.0	42.1	54.4
Number of Employees	10.5	70.2	19.3	12.3	66.7	19.3
Average Employee Workweek	10.5	80.7	5.3	5.3	70.2	17.5
Capital Expenditures				8.8	49.1	35.1

Note: Items may not add to 100 per cent because of omission by respondents.