

s Outlook

Survey

July 1985

Research Department

Local manufacturing activity appears to have broken out of its 3-month lull and is moving up marginally, according to the July Business Outlook Survey. Twenty-eight percent of the local companies answering this month's survey report a pickup in business since June, versus 18 percent who say their operations have slowed. Slightly less than half indicate no change.

Most measures of industrial activity in the region show improvement in July. The rate of new orders at local manufacturing establishments is up fractionally this month and shipments of completed products are on the rise as well. Inventories are being worked down at a somewhat faster rate in July compared to previous months this year. On the negative side, however, there is a slight drop in manufacturers' backlogs, and industrial employment remains weak. One-fourth of the respondents to this month's survey say they have cut payrolls.

Looking to the future, area manufacturers generally expect stable or improving economic conditions. Over 85 percent of the July survey respondents believe business during the next six months will be the same or better than it is now, and more than 40 percent forecast gains in both new orders and shipments. Prospects for greater capital expenditures in the future have improved somewhat also. Twenty-nine percent of the local companies replying to the July survey have scheduled increased spending on plant and equipment for the next six months. The employment situation is not likely to improve, however; more than half of the companies participating in the July



survey plan no change in either employment levels or working hours, and more than one-fourth anticipate workforce reductions between now and January of next year.

Prices of industrial goods remain stable. Three out of four of the manufacturers responding to the July survey say they are paying the same for materials this month as they did last month, and 70 percent have kept the prices of their own products steady. Price forecasts are mixed, however. Half of the July survey respondents anticipate higher input costs over the next six months, and half predict no change; 59 percent expect to hold the prices of the products they manufacture at current levels, although one-third plan some increase.

In summary, local manufacturing activity is picking up slightly in July. Area manufacturers generally foresee continued improvement during the next six months but remain pessimistic about the likelihood of better employment conditions in the near future.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS JULY 1985

INDICATOR	July vs. June			Six Months from Now vs. July		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	16.9	45.9	27.8	13.8	39.7	41.4
COMPANY BUSINESS INDICATORS						
New Orders	21.1	41.9	37.0	9.2	40.9	48.8
Shipments	12.1	46.2	41.4	15.4	37.3	46.7
Unfilled Orders	25.8	61.6	12.6	14.1	65.8	20.1
Delivery Time	9.3	84.0	6.7	4.3	88.2	7.5
Inventories	46.7	42.2	11.1	43.3	40.0	16.7
Prices Paid	3.3	75.5	21.2	0.6	48.1	50.6
Prices Received	14.9	69.6	13.4	2.4	58.5	36.4
Number of Employees	25.5	58.9	15.6	27.5	58.3	13.9
Average Employee Workweek	14.4	77.8	6.9	17.4	68.0	12.8
Capital Expenditures				13.0	56.4	28.8

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