

Outlook

Survey

Research Department

April 1986

Manufacturing activity in the region is steady this month, according to the latest Business Outlook Survey. Seventy-one percent of the industrial firms surveyed in April report no change in the pace of their business compared to last month, 11 percent say business improved, and 16 percent indicate declining business.

Most measures of industrial activity are easing somewhat this month. Although shipments by local manufacturers are increasing, new orders are levelling off; consequently, backlogs of unfilled orders are dropping. Employment is falling as well. One-third of the companies polled in April are cutting payrolls while only 12 percent are adding workers and half are maintaining steady employment levels.

Despite the pause in growth this month, manufacturers in the region are mostly optimistic about the future. In their outlook for the next six months, over three-fourths of the April survey respondents expect conditions to hold steady or improve, while only 16 percent think business may slow down. Local manufacturers expect a pickup in new orders and a matching increase in shipments. However, employment may decline. Thirty percent of the firms contacted for the survey anticipate reducing workforces over the next six months although half intend to maintain current payrolls. Responses to the survey also indicate that, overall, the rate of capital spending by area manufacturers is likely to show little change between now and October.

Prices of industrial goods in the region are stable this month. More than three-fourths of the April survey respondents say prices of both the products they make and the goods they purchase are unchanged from last month. Some price increases are likely in the future, however. Although about half of the firms participating in the latest survey expect steady input costs over the next six months, 42 percent anticipate higher charges for the materials and supplies they use. With respect to the goods they sell, 61 percent of the survey respondents plan to hold prices constant, while 30 percent plan price increases.

In summary, industrial activity in the region is steady in April although employment is down. Looking ahead, area manufacturers generally expect stable or improving business for the next six months, but a further drop in employment.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

APRIL 1986

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?	15.6	71.3	11.4	16.3	38.3	44.0
COMPANY BUSINESS INDICATORS						
New Orders	18.4	60.3	21.3	17.8	40.8	41.5
Shipments	10.7	50.1	37.4	13.5	39.6	44.5
Unfilled Orders	24.0	68.3	5.5	20.9	67.7	11.4
Delivery Time	13.8	76.1	10.0	6.2	84.6	9.2
Inventories	35.6	50.8	11.4	38.0	37.3	24.6
Prices Paid	11.1	80.5	7.6	10.6	47.7	41.6
Prices Received	10.1	77.7	12.2	8.9	61.2	29.9
Number of Employees	34.6	52.3	12.3	29.2	55.7	14.8
Average Employee Workweek	14.6	71.1	12.3	8.6	76.5	14.6
Capital Expenditures				21.3	53.3	21.4

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