

Business Outlook Survey

Research Department

October 1986

The pickup in manufacturing activity that began in the region this summer has entered its fourth month, according to the latest Business Outlook Survey. Industrial firms posting gains in October slightly outnumbered those reporting slowdowns for the month. Business is expanding for 24 percent of the survey respondents, dropping for 14 percent, and level for 54 percent.

Most indicators of manufacturing activity show improvement this month. New orders, shipments, and order backlogs are up, and inventories are falling slightly. Employment remains at a standstill, however. Responses to the October survey reveal mostly steady payrolls in the region and a fractional drop in working hours.

Local manufacturers generally have positive views of the future, although optimism is not as widespread as it was when the current upturn began. On balance, survey respondents foresee continued expansion through at least the first quarter of next year. They predict a growing rate of orders and shipments, but they do not expect any gains in employment. Local manufacturers' capital spending plans call for slightly greater outlays, overall, during the next six months.

Some upward pressure on industrial prices in the region is evident in this month's survey. Although 70 percent of the respondents say input



costs are steady, one-fourth report higher prices for the goods they purchase. Local manufacturers' selling prices are largely unchanged, however. Looking ahead, around half of the firms covered by the October survey predict stable prices for both inputs and outputs over the next six months, although expectations of price increases are now greater than they have been for most of this year. Half of this month's survey respondents anticipate higher charges for the materials and supplies they use, and more than one-third plan to raise prices for the products they make.

In summary, industrial activity in the region continues to grow in October. Area manufacturers predict further improvement, but they do not expect employment to increase in the near future.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

OCTOBER 1986

INDICATOR	October vs. September			Six Months from Now vs. October		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	13.8	54.2	24.4	22.4	32.2	45.5
COMPANY BUSINESS INDICATORS						
New Orders	22.0	37.4	40.6	24.9	27.9	47.2
Shipments	16.8	49.7	32.3	22.1	32.1	45.8
Unfilled Orders	18.9	44.3	32.4	27.7	44.9	27.1
Delivery Time	7.8	82.0	9.6	15.0	76.1	5.5
Inventories	29.6	48.4	22.0	29.5	41.3	28.2
Prices Paid	2.8	70.1	25.2	1.8	45.5	51.7
Prices Received	4.5	83.8	11.1	6.4	54.2	35.2
Number of Employees	13.4	73.9	12.6	18.8	61.8	16.4
Average Employee Workweek	21.7	65.3	10.2	11.9	72.4	15.4
Capital Expenditures				13.2	58.7	25.1

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