

Business Outlook Survey

Research Department

August 1987

The region's industrial sector is making gains this month, according to the latest Business Outlook Survey. Nearly 39 percent of the local manufacturers polled in August report that business is picking up from July, only 7 percent note a slowdown, and 55 percent say they are operating at a steady pace.

Most measures of industrial activity are giving positive readings this month. New orders and shipments are rising, and delivery times--which tend to run longer as business picks up--are increasing fractionally for the first time this year. Employment is posting another gain in August, building on July's increase. Although 79 percent of the companies contacted this month report steady payrolls, 17 percent are adding workers while only 4 percent are making cuts. Local manufacturers' order backlogs are not sharing in the general improvement this month, remaining virtually unchanged from July, overall.

Looking ahead, local manufacturers have mostly positive views. Forty-two percent of the August survey respondents predict improvement over the next six months, 39 percent expect steady conditions, and 20 percent anticipate a slowdown. On balance, firms contacted this month foresee increases in orders and shipments, but they do not expect order backlogs to



grow; and, despite recent gains in employment, survey respondents are not planning significant changes in payrolls.

On the price front, most of the August survey participants are holding the line for their own products; and, although 37 percent say prices for purchased goods have gone up since July, 61 percent report no change. Looking to the future, nearly two-thirds of the respondents predict a further rise in input costs over the next six months, while only about one-third plan to raise prices for the goods they make.

In summary, industrial activity in the region is expanding in August and the employment situation is improving as well. Local manufacturers generally foresee moderate gains in business activity through winter, and they expect further increases in industrial prices in the months ahead.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

AUGUST 1987

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?	6.6	54.7	38.7	19.3	38.6	42.1
COMPANY BUSINESS INDICATORS						
New Orders	8.0	51.6	39.2	17.1	44.2	38.7
Shipments	12.9	49.3	37.5	23.1	37.1	39.5
Unfilled Orders	17.6	58.3	22.5	21.6	54.4	22.7
Delivery Time	4.4	79.7	14.7	24.7	63.9	10.9
Inventories	32.2	42.2	25.6	43.5	31.1	23.8
Prices Paid	2.0	60.7	37.3	3.2	32.3	64.5
Prices Received	4.8	83.9	11.3	14.6	53.6	31.8
Number of Employees	3.8	78.9	17.3	22.6	63.0	14.4
Average Employee Workweek	3.7	72.8	23.0	17.8	70.3	11.7
Capital Expenditures				15.2	58.8	26.0

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