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Library - 4

Business Outlook Survey

Research Department

May 1988

The region's industrial sector continues to advance, according to the May Business Outlook Survey. Among firms polled this month, 34 percent report improving business while only 13 percent note slower activity compared to April; 52 percent say business is steady.

Specific measures of industrial activity this month reflect the same pattern that has characterized the year so far. New orders and shipments are moving up in tandem, leaving order backlogs unchanged. Inventories continue to oscillate narrowly month-to-month, inching up in May following a drop in April. The employment situation still looks good as the region shares in the nationwide growth in manufacturing jobs. Twenty-two percent of the firms polled in May are boosting payrolls while only 7 percent are cutting back.

The prospect is for more expansion between now and November, according to survey participants: 40 percent predict improved business over the next six months while only 14 percent forecast a slowdown. Local firms see increased orders and shipments ahead, and they forecast higher order backlogs as well. On balance, companies polled in May plan increases in employment and capital spending through the summer and fall.



Survey participants are still reporting upward movement in prices. Half of the May respondents say their input costs have increased from last month, and nearly one-quarter have raised the prices of their own products. Looking to the future, 63 percent expect higher charges for the goods they purchase and 44 percent plan to increase the prices of the products they make.

In summary, business is expanding for the region's industrial companies and employment is healthy while an upward tendency in prices persists. Looking ahead, local manufacturers foresee moderate growth and no letup in cost pressures.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

MAY 1988

INDICATOR	May vs. April			Six Months from Now vs. May		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	13.4	51.7	34.2	14.2	42.0	40.1
COMPANY BUSINESS INDICATORS						
New Orders	12.0	39.4	41.7	16.9	29.1	47.9
Shipments	12.2	42.1	37.3	10.1	42.0	46.9
Unfilled Orders	25.5	45.4	24.7	14.6	45.3	34.1
Delivery Time	19.6	60.5	16.0	10.9	68.3	13.9
Inventories	21.0	44.0	30.3	28.2	45.0	25.5
Prices Paid	4.3	40.9	52.2	3.4	32.2	63.3
Prices Received	8.0	67.6	22.3	7.2	43.5	44.2
Number of Employees	6.8	69.4	22.4	13.2	54.1	29.7
Average Employee Workweek	11.9	70.6	10.6	12.6	70.8	16.6
Capital Expenditures				13.5	42.0	35.5

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