

B. Turnbull

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# Business Outlook

## Survey

Research Department

August 1988

Manufacturing activity in the region continues to expand, according to the August Business Outlook Survey. Among firms polled this month, 32 percent report improved business while 16 percent indicate a slower pace of operation compared to last month.

Specific measures of industrial activity reflect modest gains this month. New orders are increasing, and a pickup in shipments is enabling area firms to reduce inventories marginally. However, order backlogs are unchanged. Payrolls at local plants are virtually steady, the first pause in employment growth--as measured by the survey--in 16 months.

Looking ahead, area manufacturers expect moderate growth to continue: 34 percent of the August survey participants predict improving business in the next six months while only 9 percent anticipate a slowdown. Overall, respondents expect increases in new orders and shipments and further reductions in inventories. Area firms intend to add workers in the next six months, on balance, despite this month's pause in employment growth, and they plan to step up capital spending as well.

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the prices of the products they make. The outlook is for further price increases: three-fourths of the survey respondents expect to pay more for the goods they purchase over the next six months and more than half plan to charge more for their own products.

In summary, the region's industrial expansion is continuing at a moderate pace in August. Local manufacturers expect this growth to extend into the early months of next year at least, bringing further gains in employment. One negative aspect of the outlook, however, is the upward drift of industrial prices.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

AUGUST 1988

INDICATOR	August vs. July			Six Months from Now vs. August		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	15.5	52.6	31.9	9.3	56.6	34.1
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	14.0	50.9	33.6	20.1	44.0	35.0
Shipments	12.9	43.5	43.6	18.0	40.0	39.1
Unfilled Orders	13.9	68.4	14.5	12.2	70.5	15.4
Delivery Time	8.4	71.4	17.0	10.3	77.3	11.0
Inventories	24.9	57.7	16.5	32.6	56.2	11.2
Prices Paid	1.4	34.3	64.3	1.6	23.3	75.2
Prices Received	1.5	66.6	31.6	2.4	42.9	53.4
Number of Employees	9.8	77.5	12.7	8.2	68.6	23.1
Average Employee Workweek	7.9	75.0	17.1	10.3	72.4	16.8
Capital Expenditures				11.6	48.5	38.8

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