B. Turnbull

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s Outlook

Survey

Research Department

August 1985

Manufacturing activity in the region is increasing only marginally this month, according to the most recent Business Outlook Survey. Fifteen percent of the area manufacturers responding to the August survey say they have stepped up the pace of their operations as opposed to 8 percent who say they have cut back. Most, however, indicate no change in the level of business activity from July.

Specific measures of industrial activity in the region are sending mixed signals. The rate of new orders is accelerating and shipments are increasing. In contrast to these positive indicators, the level of unfilled orders at area plants is off marginally and employment is declining slightly.

Area manufacturers' outlook for the near future is positive, on balance. One-third of those participating in the August survey expect a continuation of present business conditions, and almost 40 percent foresee some improvement during the next six months. Gains in both new orders and shipments are anticipated, and new capital investments are planned by 20 percent of the companies polled in August. Prospects for employment growth remain poor, however. A majority of survey respondents plan no change in payrolls and 25 percent say they will reduce workforces over the next six months.

Industrial prices in the region are stable. Three out of four of the manufacturers participating in the August survey say the prices of the materials they use have not changed from last month, and two-thirds of the survey respondents have kept the prices of their own products steady. Nevertheless, local manufacturers are divided in their estimate of the future course of prices. Slightly more than half anticipate higher input costs during the next six months, while 40 percent expect them to remain the same; one-third plan some increase in the prices of the goods they produce, but 60 percent intend to maintain prices at current levels.

In summary, manufacturing activity in the region continues to grow in August but at a slower pace than in July. Area manufacturers forecast further expansion between now and early 1986, but see no gain in employment on the horizon.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

AUGUST 1985

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?	8.4	69.8	14.9	22.5	33.3	39.1
COMPANY BUSINESS INDICATORS						
New Orders	7.8	59.5	32.7	20.8	31.2	48.0
Shipments	13.2	63.5	21.2	17.9	37.0	43.5
Unfilled Orders	20.8	61.0	15.4	15.8	64.0	19.6
Delivery Time	11.9	83.7	1.9	11.9	83.7	0.0
Inventories	32.0	50.6	16.2	34.5	54.7	10.8
Prices Paid	4.9	75.2	17.2	0.7	44.5	54.1
Prices Received	14.4	66.5	15.9	3.0	59.5	34.7
Number of Employees	21.0	74.2	4.7	25.1	59.7	14.6
Average Employee Workweek	13.2	74.9	11.9	14.4	71.8	13.8
Capital Expenditures				5.2	70.6	20.4

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