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ness Outlook Survey

Research Department

March 1987

After a small jump last month, business activity in the local industrial sector has flattened out again in March, according to the latest Business Outlook Survey. Just over half of the manufacturers polled for the March survey are operating at a steady rate, about one-quarter have stepped up activity from February, and about one-quarter have cut back.

Only marginal changes are being recorded for most indicators of industrial activity this month. Orders and shipments are rising slightly, but order backlogs are down a bit. Employment is unchanged; two-thirds of the firms participating in this month's survey are holding payrolls steady and three-fourths are maintaining constant working hours. A favorable development this month is the drop in inventories after last month's rise.

Looking ahead, area manufacturers remain mostly positive. Forty-three percent of the March survey respondents predict improved business over the next six months and 34 percent expect steady conditions; however, 23 percent anticipate slower business ahead. On balance, survey respondents expect gains in new orders and shipments but no change in order backlogs. Local industrial firms' employment and capital spending plans call for little change between now and September.

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Industrial prices in the region are generally stable. Over 70 percent of the firms participating in the March survey say both input and output prices are unchanged from February. For the next six months, about half of the survey respondents anticipate higher input costs and half expect no change. Nearly three-fourths plan to maintain current prices for the goods they manufacture.

In summary, industrial activity in the region is steady in March. Local manufacturers expect some improvement during the next six months, but they do not foresee large gains.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

MARCH 1987

INDICATOR	March vs. February			Six Months from Now vs. March		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	22.5	54.9	22.6	22.8	33.6	43.0
COMPANY BUSINESS INDICATORS						
New Orders	24.4	41.1	32.1	22.8	37.1	39.2
Shipments	21.2	48.5	28.9	23.5	32.5	42.6
Unfilled Orders	29.4	50.9	19.1	25.4	51.0	22.5
Delivery Time	17.9	71.1	11.0	14.7	75.5	9.8
Inventories	36.8	41.4	21.6	39.3	32.4	23.3
Prices Paid	4.9	72.1	21.4	2.3	48.0	49.7
Prices Received	10.8	76.0	11.4	11.2	72.2	16.2
Number of Employees	16.5	66.2	14.6	24.8	53.8	19.5
Average Employee Workweek	13.8	75.8	10.4	16.1	74.1	9.3
Capital Expenditures				19.7	55.6	20.6

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