

Business Outlook

Survey

Research Department

October 1987

Industrial activity in the region is continuing the upward trend that began last spring, according to the latest Business Outlook Survey. Thirty-five percent of the area manufacturers participating in the October survey report an increased rate of production compared to last month, while only 3 percent say business is slower.

All specific measures of manufacturing activity covered in the survey indicate growth this month. New orders and shipments are increasing, order backlogs are rising fractionally, and inventories are being drawn down. Moreover, employment indicators are giving their highest readings since the early months of the current business expansion; 23 percent of the respondents are adding workers to their payrolls, and 30 percent are lengthening the workweek.

Looking ahead, area manufacturers have mostly positive views. Forty-one percent foresee continued growth during the next six months, while only 12 percent expect a slowdown. On balance, survey respondents forecast further gains in new orders and shipments, but they expect order backlogs to decline somewhat. Managers at surveyed firms project virtually no change in employment or working hours during the next two quarters, although they plan modest increases in capital spending.

Industrial prices in the area continue to drift upward in October. Half of this month's respondents note higher input costs compared to last month and half indicate no change. For their own products, 80 percent say they are holding the line, and 20 percent are raising prices. Looking to the future, nearly three out of four of the survey participants expect to pay more for purchased goods six months from now, and almost half plan to charge more for their own products.

In summary, manufacturing activity in the region is expanding in October, bringing another pickup in factory employment. Local manufacturers expect further gains in output over the next six months and a stable employment situation.

**BUSINESS OUTLOOK SURVEY
SUMMARY OF RETURNS**

OCTOBER 1987

INDICATOR	October vs. September			Six Months from Now vs. October		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	3.4	59.6	35.0	12.4	43.8	41.2
COMPANY BUSINESS INDICATORS						
New Orders	11.6	52.7	35.7	16.3	42.8	40.8
Shipments	5.4	46.8	47.8	21.8	42.1	35.1
Unfilled Orders	13.6	60.7	23.7	31.1	54.5	13.2
Delivery Time	6.2	72.3	20.4	25.6	67.5	2.2
Inventories	39.7	40.4	19.2	28.4	45.7	24.4
Prices Paid	0.0	48.3	49.3	4.3	24.1	71.5
Prices Received	0.0	79.7	20.3	6.4	42.9	48.2
Number of Employees	4.1	73.0	22.8	13.2	65.4	18.7
Average Employee Workweek	4.1	65.8	30.1	13.5	75.4	8.7
Capital Expenditures				12.1	50.9	30.2

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