

Business Outlook Survey

Research Department

July 1988

The region's industrial sector remains on an upward path, according to the July Business Outlook Survey. Twenty-nine percent of the firms participating in the latest survey say business is better than it was a month ago, while only 5 percent indicate that business has slowed.

Specific measures of industrial activity this month indicate continuing moderate growth. On balance, area manufacturers report increases in new orders that are being matched by higher shipments, leaving order backlogs virtually unchanged. Delivery times are increasing marginally in July, reflecting a step-up in the volume of business, but a slight inventory buildup this month indicates that area firms are more than able to meet rising demand for their products. Employment remains healthy: although most firms are holding payrolls steady, one-fifth of those surveyed this month are adding workers.

Looking ahead, area manufacturers see a continuation of current trends. Overall, firms polled in July expect business to expand further during the next six months. They forecast gains in orders and shipments, and some firming in order backlogs as well. On balance, survey respondents are planning to boost capacity over the next six months by hiring more workers and investing more in plant and equipment.



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Price pressures show no signs of abating. Half of the firms polled in July report higher input costs and one-fourth are raising prices on their own products. Looking to the future, 87 percent of the survey respondents expect to pay more for the goods they purchase in the next six months, and 65 percent plan to charge more for the products they make.

In summary, manufacturing in the region continues to expand in July, bringing further employment gains. Managers at local firms foresee a continuation of these trends into the beginning of 1989, and expect attendant price pressures to persist as well.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

JULY 1988

INDICATOR	July vs. June			Six Months from Now vs. July		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	5.0	61.9	29.0	18.9	29.0	49.6
COMPANY BUSINESS INDICATORS						
New Orders	12.0	53.3	34.6	21.5	29.1	49.4
Shipments	7.8	48.7	41.6	17.3	32.9	49.8
Unfilled Orders	16.9	60.1	21.9	18.9	49.8	31.3
Delivery Time	5.7	77.3	14.8	18.0	65.9	16.1
Inventories	17.2	53.3	29.4	29.9	34.6	35.5
Prices Paid	2.7	44.5	51.0	1.8	11.6	86.6
Prices Received	1.3	74.3	24.4	1.5	33.0	64.7
Number of Employees	2.4	77.2	20.3	8.0	62.6	27.8
Average Employee Workweek	10.7	69.6	17.4	10.4	72.7	16.9
Capital Expenditures				9.1	43.6	41.2

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