

# Business Outlook Survey

Research Department

December 1988

Local manufacturers are reporting another month of expansion, according to the December Business Outlook Survey. Thirty-five percent of the firms participating in the latest survey indicate business is picking up from November, while only 11 percent note slower business.

Specific measures of industrial activity are giving mixed signals in December, although on the whole they reflect moderate growth. New orders and shipments are moving up, but order backlogs are just holding steady and inventories are inching up. Employment, which had gained through most of the year, is virtually unchanged this month.

Looking ahead, local firms expect business to level off at its current rate. On balance, however, survey respondents see a stronger pace of new orders during the first half of the new year, which they expect to fill without running up backlogs. Area manufacturers plan to increase capital spending and step up hiring slightly over the next six months, despite their view that business will hold steady at current levels between now and June.

Survey respondents continue to report an upward drift in industrial prices. Fifty-five percent indicate the prices of the goods they purchase are rising this month and 39 percent are hiking charges for their own products. Looking to the next six months, 79 percent expect further increases in input costs and 63 percent plan to raise the prices of the goods they make.



In summary, industrial activity in the region continues to advance in December, but there are signs that growth is moderating, and local manufacturers expect only steady business for the first half of 1989. Nevertheless, survey participants expect employment to remain healthy and they plan to boost capital spending in the new year.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

DECEMBER 1988

INDICATOR	December vs. November			Six Months from Now vs. December		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	10.5	48.5	35.0	19.4	56.9	20.1
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	10.4	49.0	39.7	23.4	30.8	44.9
Shipments	4.6	56.7	37.6	24.3	40.5	33.2
Unfilled Orders	18.4	64.1	17.4	20.5	62.3	17.2
Delivery Time	13.7	68.3	18.0	21.4	64.4	14.2
Inventories	20.8	49.4	28.2	32.2	41.8	25.9
Prices Paid	3.7	41.0	55.3	0.8	20.5	78.7
Prices Received	4.1	57.1	38.8	2.6	34.9	62.6
Number of Employees	12.2	71.2	16.5	15.4	60.9	22.9
Average Employee Workweek	14.2	70.9	14.8	2.6	82.8	14.0
Capital Expenditures				5.9	47.5	45.1

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