Business Outlook Survey

NOVEMBER 1983

Research Department

Although seasonal factors had a damping effect on area industry in November, responses to this month's Business Outlook Survey still indicate that local factories continued to post gains. About 40 percent of the executives surveyed report improved conditions this month while only 6 percent indicate a decline. This month's results indicate the eleventh consecutive advance in local industrial conditions.

Specific indicators have also felt the effects of seasonal factors, but nonetheless, continue their upward movement. New orders and shipments have shown widespread growth again in November, and unfilled orders and delivery times have advanced slightly as well. Inventories, led by a significant buildup in durables, appear to have leveled off from a 2-year decline. Employment also has improved in November, as both payrolls and the length of the average workweek have been increased.

Despite the continued strength of the recovery, respondents have tempered their outlooks somewhat this month. While the majority of local executives are predicting that the recovery will continue into next Spring, November's survey records the smallest group of optimists so far this year. Nevertheless, solid increases are anticipated in both new orders and shipments, and manufacturers expect to hire more workers and to expand working hours between now and April. Additionally, the percentage of respondents planning to increase plant and equipment expenditures over the next 6 months is the highest it has been in two years.

Industrial prices have increased in November and seem to parallel the survey's indications of general conditions. Input price increases have been significant in November, but slightly less so than in

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October, reflecting the mild seasonal easing of producer activity. Prices received for finished goo on the other hand, have posted more widespread increases this month than last. Looking ahead, percent of manufacturers surveyed predict higher materials costs in six months, while 60 perce expect to receive higher prices for finished goods over the same period.

In summary, local manufacturing conditions in November have improved again, despite so mild seasonal restraint. As for the future, respondents are forecasting a continued recovery, thou not as enthusiastically as before, through the first half of 1984.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS
November 1983

INDICATOR	November vs. October			Six Months from Now vs. November		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	6.2	49.2	40.0	7.7	24.6	63.1
COMPANY BUSINESS INDICATORS						
New Orders	9.2	50.8	40.0	9.2	27.7	63.1
Shipments	7.7	53.8	35.4	7.7	29.2	58.5
Unfilled Orders	12.3	69.2	13.8	9.2	52.3	33.8
Delivery Time	6.2	81.5	7.7	6.2	76.9	12.3
Inventories	23.1	50.8	24.6	20.0	43.1	35.4
Prices Paid	1.5	66.2	32.3	1.5	24.6	72.3
Prices Received	1.5	73.8	21.5	0.0	40.0	58.5
Number of Employees	6.2	76.9	16.9	7.7	58.5	32.3
Average Employee Workweek	3.1	78.5	15.4	4.6	72.3	20.0
Capital Expenditures				6.2	47.7	41.5

Note: Items may not add to 100 per cent because of omission by respondents.