

# Business Outlook Survey

Research Department

November 1984

The rate of expansion in local industry continues to decline, according to respondents to this month's Business Outlook Survey. Almost two thirds of the manufacturers polled in November say there has been no change in the level of business activity compared to last month. November is typically a slower month, but, even after adjusting for seasonal effects, this deceleration in growth is still evident. The slowdown is most pervasive in the durable goods sector where not one respondent indicated improvement. Producers of nondurables, on the other hand, are still posting solid gains.

Reports on specific indicators also reflect the apparent levelling off in manufacturing activity. The only indicator to post a gain in November is shipments; unfilled orders, delivery times, inventory, employee payrolls, and the length of the average workweek all register minuses.

The outlook for manufacturing over the next six months is still positive, but optimism is waning. The proportion of respondents looking for future expansion has been shrinking steadily since mid-1983 and now stands at 47 percent. Nevertheless, projections of new orders and shipments are still strong and payrolls and working hours continue on their way up.

Industrial price reports have been marked by stability over the past few months. This month, three out of four executives polled say there has been no change in either prices paid for raw materials or prices received for finished goods. As for the future, however, the same proportion of respondents predict higher costs by April, while about half expect to receive more for their output.

In summary, November's survey shows local manufacturing continuing to level off, even after seasonal factors are considered, with producers of durable goods feeling the most pronounced deceleration. Although growth is expected to continue through early 1985, it is likely to be at a slower rate and accompanied by higher prices.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS NOVEMBER 1984

#### 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?	23.4	61.7	14.9	19.1	31.9	46.8
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#### COMPANY BUSINESS INDICATORS

New Orders	21.3	63.8	14.9	14.9	36.2	48.9
Shipments	17.0	53.2	27.7	14.9	38.3	44.7
Unfilled Orders	38.3	55.3	2.1	14.9	53.2	27.7
Delivery Time	14.9	80.9	2.1	6.4	78.7	12.8
Inventories	31.9	53.2	14.9	29.8	38.3	31.9
Prices Paid	4.3	74.5	21.3	4.3	19.1	76.6
Prices Received	8.5	74.5	14.9	4.3	46.8	46.8
Number of Employees	14.9	78.7	6.4	12.8	63.8	23.4
Average Employee Workweek	21.3	74.5	4.3	2.1	72.3	23.4
Capital Expenditures				12.8	51.1	31.9

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