

Business Outlook Survey

Research Department

June 1984

Respondents to the June Business Outlook Survey report another month of healthy growth in manufacturing activity. Again, however, a slightly smaller percentage of respondents than in the previous month are indicating increases in output, reflecting some slowdown in growth since the first quarter. The June Survey finds 37 percent reporting an increase in activity over May levels and 8 percent indicating a decline.

Specific indicators also have posted less robust increases this month than in May. Although new orders and shipments are up solidly, producer backlogs and delivery times are unchanged. Meanwhile, employment has edged up only slightly and inventory levels are up just fractionally over a month ago.

While respondents are not as enthusiastic as they were in the first-quarter, the outlook for manufacturing activity remains bright. Almost half of the manufacturers surveyed predict expansion through the end of 1984, while only 16 percent foresee a decline. The outlook for specific indicators is mixed. While executives polled expect healthy growth in new orders and shipments, they anticipate little change in either employment or inventory levels.

Industrial prices have risen again in June, but, for the second straight month, the percentage of respondents indicating higher prices has fallen — 37 percent (compared to May's 42 percent) report paying higher prices this month, while 14 percent (18 percent in May) say they are receiving more for their finished products. The outlook continues to reflect

widespread anticipation of higher prices over the next six months. In June's Survey, 77 percent of the respondents are forecasting higher input prices by year-end and 57 percent feel they will be receiving more for their output.

In general, local manufacturing activity continues to expand, but at a slower pace than during the first quarter, and price increases have eased in the past two months. Roughly half of those surveyed are forecasting expansion through 1984.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS JUNE 1984

INDICATOR	June vs. May			Six Months from Now vs. June		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	7.8	52.9	37.3	15.7	31.4	49.0
COMPANY BUSINESS INDICATORS						
New Orders	9.8	51.0	39.2	17.6	29.4	52.9
Shipments	7.8	52.9	37.3	19.6	27.5	49.0
Unfilled Orders	23.5	51.0	23.5	23.5	45.1	29.4
Delivery Time	7.8	82.4	7.8	11.8	74.5	11.8
Inventories	21.6	49.0	29.4	29.4	45.1	25.5
Prices Paid	0.0	62.7	37.3	0.0	23.5	76.5
Prices Received	2.0	80.4	15.7	0.0	41.2	56.9
Number of Employees	9.8	72.5	15.7	13.7	64.7	21.6
Average Employee Workweek	2.0	84.3	13.7	5.9	78.4	15.7
Capital Expenditures				5.9	56.9	29.4

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