

Business Outlook Survey

January 1984

Research Department

After experiencing two consecutive months marked by downward seasonal forces, respondents to the January Business Outlook Survey report significant gains in local manufacturing activity from December levels. This month's increases are as widespread as those reported during the summer and fall of 1983. Over 48 percent of manufacturers surveyed report an increase in overall activity, while only 6 percent indicate a decline.

Specific indicators also have rebounded in January. New orders and shipments have posted gains comparable to their increases in the first ten months of 1983, and unfilled orders have made their strongest monthly improvement since the early fall. At the same time, inventory levels have held steady for the third consecutive month and marginal gains are reported in employment.

Looking ahead, manufacturers' outlooks for the first half of 1984 remain very positive. Highlighting the forecast once again is planned capital expenditures; for the first time in seven years as many as half of the respondents to this month's survey intend to increase outlays for plant and equipment by July. Widespread increases also are anticipated in new orders, shipments, and producers' backlogs. Area businessmen also project gains in both inventory levels and in employment.

Industrial price increases in January are as prevalent as they have been for the last six months. About a third of those polled report higher input prices while one-quarter have received higher prices for their finished products. As for the near future, 82 percent of the survey respondents expect to face higher materials prices six months from now and 65 percent anticipate receiving higher prices for finished goods.



In summary, January's survey reveals a significant surge in local manufacturing activity, and, with capital spending plans at a seven-year high, the outlook for the first half of 1984 is for a continuing recovery in the manufacturing industry.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS JANUARY 1984

INDICATOR

January vs. December			Six Months from Now vs. January		
Decrease	No Change	Increase	Decrease	No Change	Increase

GENERAL BUSINESS CONDITIONS

What is your evaluation of the level of general business activity?	5.6	44.4	48.1	3.7	18.5	75.9
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COMPANY BUSINESS INDICATORS

New Orders	14.8	31.5	53.7	5.6	22.2	70.4
Shipments	13.0	31.5	53.7	5.6	25.9	66.7
Unfilled Orders	7.4	59.3	27.8	3.7	61.1	31.5
Delivery Time	1.9	88.9	5.6	3.7	81.5	9.3
Inventories	29.6	37.0	33.3	14.8	51.9	33.3
Prices Paid	1.9	63.0	35.2	0.0	18.5	81.5
Prices Received	0.0	74.1	24.1	1.9	31.5	64.8
Number of Employees	7.4	79.6	13.0	7.4	63.0	27.8
Average Employee Workweek	5.6	85.2	7.4	5.6	70.4	22.2
Capital Expenditures				1.9	46.3	50.0

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