

Business Outlook Survey

Research Department

Area manufacturers continue to see a slight deceleration in growth, according to the October Business Outlook Survey. The proportion of survey respondents indicating an increase in business activity has been easing since early Spring. This month, 35 percent of the manufacturers surveyed say business activity continues to increase, while 13 percent report a decline. A slight majority say there has been no change since September.

Specific indicators turned in a modest but positive performance in October. About half of the executives polled cited gains in new orders and shipments. Over two-thirds of the survey respondents, however, reported no change in producers' backlogs, delivery time, employee payrolls, and the length of the average workweek.

The six-month outlook for manufacturing is better this month than last. According to the survey, growth is expected to continue: 50 percent of the respondents anticipate a healthier business climate by March and only 13 percent expect worse conditions. Manufacturers are optimistic in their projections for specific indicators, also. Gains are expected in new orders, shipments, delivery times, employee payrolls, length of the average workweek, and capital expenditures.

Industrial prices for both raw materials and finished goods are relatively stable this month, as about three quarters of the executives polled report no change since September in either prices paid or prices received. The outlook, however, does show widespread expectations of price hikes within six

months. Eighty-three percent of respondents anticipate higher costs by the end of the first quarter of 1985, while 54 percent foresee receiving more for goods they sell over the same period.

Overall, local industrial activity continues its pattern of easing growth. The outlook for both general activity and for specific indicators, however, is more optimistic than in recent months, indicating that manufacturers do not expect the slowing in the economic recovery to be a severe setback.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS OCTOBER 1984

INDICATOR

October vs. September			Six Months from Now vs. October		
Decrease	No Change	Increase	Decrease	No Change	Increase

GENERAL BUSINESS CONDITIONS

What is your evaluation of the level of general business activity?	12.5	52.1	35.4	12.5	33.3	50.0
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COMPANY BUSINESS INDICATORS

New Orders	14.6	39.6	45.8	10.4	27.1	62.5
Shipments	10.4	37.5	50.0	10.4	29.2	58.3
Unfilled Orders	27.1	62.5	8.3	16.7	54.2	27.1
Delivery Time	12.5	79.2	6.3	4.2	72.9	20.8
Inventories	31.3	43.8	25.0	33.3	35.4	31.3
Prices Paid	4.2	77.1	18.8	2.1	14.6	83.3
Prices Received	8.3	72.9	16.7	2.1	41.7	54.2
Number of Employees	12.5	72.9	14.6	8.3	68.8	22.9
Average Employee Workweek	14.6	68.8	12.5	10.4	68.8	20.8
Capital Expenditures				6.3	54.2	35.4

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