

Business Outlook Survey

Research Department May 1984

The local manufacturing sector enjoyed another month of widespread expansion in May, according to the Business Outlook Survey. This month's gains are slightly lower than those posted in April, with 42 percent of the respondents reporting a pickup in general activity and 6 percent indicating a decline. The May Business Outlook Survey also reveals the first inventory increase in several months and the best progress for employment since January.

While growth of general activity has eased slightly this month, most specific indicators have made solid gains. New orders and shipments again have posted healthy advances, and producers' backlogs and delivery times also have increased. Additionally, the employment picture looks bright this month. Both payrolls and the length of the average workweek notched solid increases over April levels. Inventories are reported to be up fractionally in May, their first change since a slight rise in February.

Price increases are somewhat less prevalent this month than in April, according to respondents. Nevertheless, 42 percent say they are facing higher input prices and 20 percent are getting more for finished products. The price outlook is little changed from previous months, as 48 percent anticipate higher materials costs and 60 percent predict receiving higher prices for their final output within the next six months.

The outlook for overall manufacturing activity through November, while still positive, is notably more conservative than it has been so far in 1984. Forty-six percent (compared to 63 percent in April and 70 percent in March) are forecasting increased activity for the next six months. While new orders, shipments, and backlogs all are expected to advance further during the second half of 1984, contacts plan to make only marginal additions to payrolls and inventories. Manufacturers also have relaxed slightly their plans for capital outlays over the next two quarters.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS MAY 1984

INDICATOR	May vs. April			Six Months from Now vs. May		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	6.0	48.0	42.0	8.0	34.0	54.0
COMPANY BUSINESS INDICATORS						
New Orders	6.0	52.0	42.0	4.0	34.0	62.0
Shipments	8.0	42.0	48.0	8.0	34.0	56.0
Unfilled Orders	14.0	56.0	26.0	10.0	56.0	30.0
Delivery Time	2.0	80.0	14.0	4.0	76.0	16.0
Inventories	16.0	56.0	26.0	22.0	46.0	30.0
Prices Paid	0.0	58.0	42.0	0.0	16.0	84.0
Prices Received	2.0	76.0	20.0	0.0	38.0	60.0
Number of Employees	6.0	68.0	26.0	8.0	66.0	26.0
Average Employee Workweek	4.0	70.0	22.0	6.0	68.0	22.0
Capital Expenditures				2.0	62.0	32.0

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