Business Outlook Survey

February 1984

Research Department

The local manufacturing sector continues to expand in February according to respondents to the most recent Business Outlook Survey. While February's increases are not as robust as last month's, over 37 percent of those surveyed report an improvement in activity over very healthy January levels. February marks the fourteenth month of the recovery in area manufacturing, and responses from local executives reflect confidence in continued expansion.

Specific indicators of industrial activity are generally positive this month, but reflect a slower pace of expansion. New orders and shipments have continued their consistent monthly advances in February, while producer backlogs and delivery times are unchanged from January levels. Inventories have posted marginal increases, their first monthly gain since May 1981. In the employment sector, both payrolls and the length of the average workweek are unchanged from January.

Despite less prevalent gains in manufacturing activity during February, this month's outlook for the next two quarters is even more optimistic than last month's. Eighty percent of those surveyed expect higher levels of manufacturing activity in July, and the portion of respondents planning to increase capital expenditures remains encouragingly high. Additionally, over 70 percent foresee continuing increases in both new orders and shipments into midsummer. The employment picture also looks bright, with roughly one-half of the survey respondents expecting larger payrolls over the next six months, and one-third forecasting a longer workweek by July.

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Industrial prices have continued their pattern of steady increases in February. This month, 30 percent of survey respondents say they are paying higher prices for materials than in January, while only 16 percent report receiving higher prices for their finished products. The February price outlook is almost identical to January's; 84 percent predict higher producer costs by July, and 61 percent anticipate receiving higher prices for their own products.

In summary, the recovery proceeds in February, though at a slightly eased pace, and the outlook for manufacturing over the next six months remains extremely positive.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS
FEBRUARY 1984

INDICATOR	February vs. January			Six Months from Now vs. February		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	10.7	50.0	37.5	5.4	12.5	80.4
COMPANY BUSINESS INDICATORS						
New Orders	8.9	46.4	42.9	5.4	10.7	80.4
Shipments	12.5	42.9	39.3	7.1	14.3	76.8
Unfilled Orders	10.7	71.4	14.3	1.8	57.1	37.5
Delivery Time	0.0	94.6	1.8	3.6	75.0	17.9
Inventories	14.3	60.7	21.4	16.1	42.9	39.3
Prices Paid	0.0	69.6	30.4	0.0	16.1	83.9
Prices Received	1.8	80.4	16.1	1.8	33.9	62.5
Number of Employees	12.5	76.8	10.7	5.4	46.4	48.2
Average Employee Workweek	7.1	85.7	5.4	7.1	58.9	32.1
Capital Expenditures				1.8	51.8	41.1

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