

Business Outlook Survey

SEPTEMBER 1984

Research Department

Respondents to the September Business Outlook Survey indicate that growth in the manufacturing sector is still positive but is easing. Forty-three percent of the manufacturers surveyed this month say business activity continues to increase while only 6 percent report a decline; half there has been no change over last month. Expectations for the next six months indicate continuation of the slowing trend.

Despite the apparent cooling of the current business climate, most specific indicators show improvement over last month. New orders and shipments lead the pack, with 44 percent and 41 percent of manufacturers, respectively, citing increases. Only inventories remain unchanged in September, with unfilled orders, delivery time, employee payrolls, and the average workweek posting slight gains.

The near-term outlook for local manufacturing is beginning to dim, according to this month's survey. However, while the portion of respondents expecting further growth in the next six months is the smallest it has been since June 1980, it still remains significant at 43 percent. Manufacturers' expectations about specific indicators are in keeping with the anticipated easing in future business. Survey respondents plan to hold the line on inventories, employee payrolls, and the length of the average workweek.

On the industrial price front, the portion of respondents reporting price increases has fallen for the second month in a row, pointing up continued weakening of inflationary pressures. Seven out of ten executives polled this month say input prices are stable and a like portion report no change in the

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prices of finished goods. Looking ahead, approximately two-thirds of respondents predict that they will be paying higher prices for raw materials within six months and less than half expect to receive higher prices for their output.

In summary, the rate of growth of manufacturing activity seems to be slowing. The six month outlook suggests that this trend will continue.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS SEPTEMBER 1984

INDICATOR	September vs. August			Six Months from Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	5.6	50.0	42.6	18.5	37.0	42.6
COMPANY BUSINESS INDICATORS						
New Orders	11.1	44.4	44.4	16.7	37.0	46.3
Shipments	9.3	37.0	51.9	14.8	33.3	50.0
Unfilled Orders	20.4	53.7	24.1	13.0	61.1	24.1
Delivery Time	3.7	81.5	13.0	9.3	79.6	9.3
Inventories	27.8	42.6	27.8	24.1	50.0	24.1
Prices Paid	3.7	68.5	27.8	1.9	27.8	68.5
Prices Received	7.4	70.4	20.4	1.9	50.0	46.3
Number of Employees	11.1	74.1	14.8	18.5	63.0	18.5
Average Employee Workweek	7.4	74.1	16.7	11.1	75.9	11.1
Capital Expenditures				9.3	55.6	31.5

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