

Business Outlook Survey

Research Department

March 1985

The manufacturing climate in the region is improving further according to respondents to the March Business Outlook Survey. General business activity accelerated again this month; over 40 percent of the industry executives polled report that their manufacturing plants have picked up the pace of production. The upturn in activity is equally apparent in the durable and nondurable goods sectors.

New orders and shipments are turning in a robust performance in March. Producers' backlogs and delivery times are unchanged from February, however, and inventories are down slightly. The employment picture remains stable for the tenth month in a row, with neither payrolls nor working hours changed.

Manufacturers' six-month outlook includes plans for expansion. Over half of those polled this month anticipate increasing production by September. Widespread advances are expected in both new orders and shipments, coupled with marginal increases in unfilled orders and delivery times. Some additions to payrolls are likely as well; 20 percent of the survey respondents expect to hire more labor in the second and third quarters. Plant and equipment spending may be accelerated also, as industry executives anticipate making some additional capital outlays over the next six months.



Industrial prices have remained steady again this month. The March survey finds four out of five manufacturers reporting no change in their raw material costs or in the prices they charge for their finished products. Almost 90 percent of the respondents expect to be paying more for their raw materials by September, however, and half say they will be charging more for the products they sell.

In summary, manufacturers have picked up the pace of production in March while maintaining flat prices. Future prospects are for growth in general business activity and employment, but with some increases in prices over the next six months.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

MARCH 1985

INDICATOR	March vs. February			Six Months from Now vs. March		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	10.1	46.3	41.2	7.2	30.9	56.2
COMPANY BUSINESS INDICATORS						
New Orders	10.6	50.9	36.5	4.5	31.0	63.0
Shipments	16.2	49.1	33.8	6.1	25.5	67.2
Unfilled Orders	19.0	61.4	17.3	8.7	68.5	16.0
Delivery Time	9.8	82.4	6.3	3.4	74.0	17.3
Inventories	27.8	52.5	18.3	24.9	51.2	13.3
Prices Paid	0.0	81.2	18.8	0.0	19.3	77.3
Prices Received	8.2	79.5	12.4	0.5	48.4	49.9
Number of Employees	11.9	79.3	7.7	9.2	60.5	24.8
Average Employee Workweek	10.9	80.9	6.6	1.5	69.0	21.5
Capital Expenditures				7.8	61.7	27.9

Notes: (1) Items may not add to 100 percent because of omission by respondents.
 (2) All data seasonally adjusted.