

# 3 Outlook

Survey

## Research Department

August 1985

Manufacturing activity in the region is increasing only marginally this month, according to the most recent Business Outlook Survey. Fifteen percent of the area manufacturers responding to the August survey say they have stepped up the pace of their operations as opposed to 8 percent who say they have cut back. Most, however, indicate no change in the level of business activity from July.

Specific measures of industrial activity in the region are sending mixed signals. The rate of new orders is accelerating and shipments are increasing. In contrast to these positive indicators, the level of unfilled orders at area plants is off marginally and employment is declining slightly.

Area manufacturers' outlook for the near future is positive, on balance. One-third of those participating in the August survey expect a continuation of present business conditions, and almost 40 percent foresee some improvement during the next six months. Gains in both new orders and shipments are anticipated, and new capital investments are planned by 20 percent of the companies polled in August. Prospects for employment growth remain poor, however. A majority of survey respondents plan no change in payrolls and 25 percent say they will reduce workforces over the next six months.

Industrial prices in the region are stable. Three out of four of the manufacturers participating in the August survey say the prices of the materials they use have not changed from last month, and two-thirds of the survey respondents have kept the prices of their own products steady. Nevertheless, local manufacturers are divided in their estimate of the future course of prices. Slightly more than half anticipate higher input costs during the next six months, while 40 percent expect them to remain the same; one-third plan some increase in the prices of the goods they produce, but 60 percent intend to maintain prices at current levels.

In summary, manufacturing activity in the region continues to grow in August but at a slower pace than in July. Area manufacturers forecast further expansion between now and early 1986, but see no gain in employment on the horizon.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

AUGUST 1985

INDICATOR	August vs. July			Six Months from Now vs. August		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	8.4	69.8	14.9	22.5	33.3	39.1
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	7.8	59.5	32.7	20.8	31.2	48.0
Shipments	13.2	63.5	21.2	17.9	37.0	43.5
Unfilled Orders	20.8	61.0	15.4	15.8	64.0	19.6
Delivery Time	11.9	83.7	1.9	11.9	83.7	0.0
Inventories	32.0	50.6	16.2	34.5	54.7	10.8
Prices Paid	4.9	75.2	17.2	0.7	44.5	54.1
Prices Received	14.4	66.5	15.9	3.0	59.5	34.7
Number of Employees	21.0	74.2	4.7	25.1	59.7	14.6
Average Employee Workweek	13.2	74.9	11.9	14.4	71.8	13.8
Capital Expenditures				5.2	70.6	20.4

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

# s Outlook

## SURVEY

### Research Department

September 1985

The slight growth in regional industrial activity observed over the last two months appears to be stalling, according to the latest Business Outlook Survey. More than half of the local manufacturers replying to the September survey say business activity is unchanged from August, and the number of firms reporting some improvement is offset by an equal number experiencing slower business.

The rate of both new orders and shipments is up slightly in September. On the downside, however, the backlog of unfilled orders at local manufacturing plants is leveling off. Three out of four of the industrial establishments participating in this month's survey indicate their employment is steady. Employment is down at some plants, however, with 22 percent making cuts in payrolls and 16 percent reducing working hours.

Looking to the future, area manufacturers remain mostly optimistic. Forty-two percent of the September survey respondents expect improving business conditions over the next six months, while only 13 percent say deterioration is likely. Increases in new orders and shipments are anticipated at 42 percent of the plants covered by this month's survey. Less positively, however, few firms forecast gains in employment or capital spending. The percentage of firms planning increased outlays on plant and equipment is at its lowest level since December 1979.



Industrial prices in the region are holding steady. Eighty percent of the companies replying to this month's survey say the prices of the inputs they purchase are the same as they were last month, and 72 percent have kept the prices of their own products constant. Looking ahead, 44 percent expect input costs to rise over the next six months, while 47 percent anticipate no change; one-fourth plan to boost the prices of the goods they manufacture, but two-thirds intend to maintain current prices.

In summary, manufacturing activity in the region in September continues at the same pace as in August. Area manufacturers anticipate some improvement in business conditions over the next six months, but do not foresee a pickup in either capital spending or employment in the near future.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS SEPTEMBER 1985

INDICATOR	September vs. August			Six Months from Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	18.3	57.4	17.0	12.5	39.9	41.8
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	15.9	55.9	28.0	14.5	40.3	42.2
Shipments	19.6	53.2	26.8	14.7	40.9	42.0
Unfilled Orders	18.9	64.7	16.4	17.3	56.8	23.6
Delivery Time	9.9	86.5	0.2	0.4	88.2	8.9
Inventories	41.8	50.0	8.2	28.0	44.1	27.5
Prices Paid	2.6	80.4	14.6	4.9	46.9	43.5
Prices Received	11.3	72.5	16.2	6.8	64.7	24.3
Number of Employees	22.5	71.5	5.8	20.2	63.5	11.9
Average Employee Workweek	16.3	75.2	2.4	13.2	71.0	13.0
Capital Expenditures				15.3	60.5	15.9

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

# Business Outlook Survey

Research Department

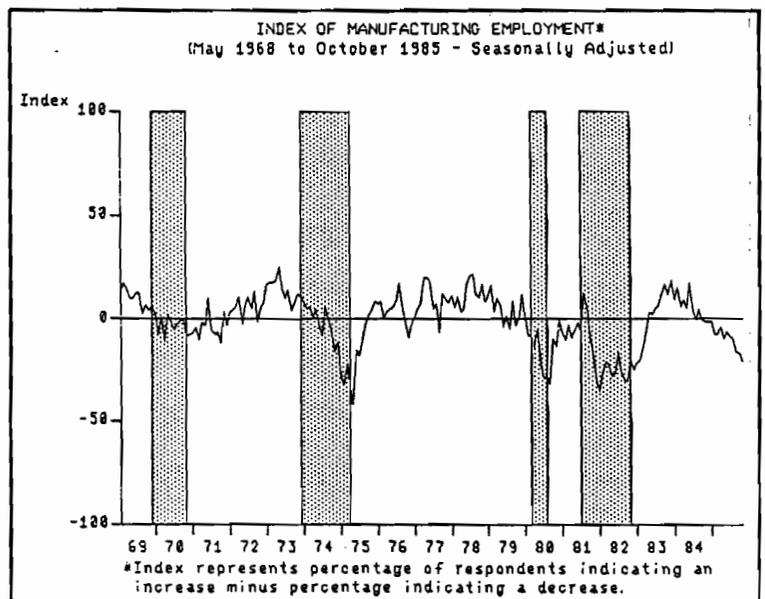
October 1985

The pace of industrial activity in the region in October is about the same as it was in September, according to the latest Business Outlook Survey. Fifty-two percent of the local manufacturers contacted for this month's survey report no change in the rate of their operations, 22 percent report increasing activity, and 17 percent say their business is slower this month than last.

With respect to particular measures of current manufacturing activity, survey respondents note some improvement in the rate of both new orders and shipments. The level of unfilled orders is falling slightly, however, and employment and working hours are also off fractionally. This marks the tenth month in a row in which the number of firms reducing payrolls has exceeded the number adding employees, the longest such period in a non-recession year since the survey began in 1968 (see chart).

Nevertheless, manufacturing activity has either held steady or moved up in each of those months.

Looking ahead, positive views prevail among area manufacturers. Forty-three percent of the companies covered by the October survey expect improving business



conditions over the next six months, while only 22 percent are concerned that business may slip during the next two quarters. Increases are forecast for new orders, shipments, and, to a lesser extent, capital expenditures. On the negative side, however, more firms expect to reduce workforces than plan to add to payrolls.

Industrial prices are holding steady. The majority of survey respondents report no changes in the prices of either raw materials or the products they manufacture. Between now and March, however, over half anticipate higher input costs and 40 percent plan to charge more for their products.

In summary, conditions in the region's manufacturing sector in October are substantially the same as they were in September. Area manufacturers predict some growth over the next six months, but do not foresee improvement in employment.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS OCTOBER 1985

INDICATOR	October vs. September			Six Months from Now vs. October		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	16.7	52.4	21.9	21.7	24.3	42.7
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	14.0	52.8	33.3	19.3	36.4	44.4
Shipments	13.6	55.7	30.0	22.7	36.0	41.3
Unfilled Orders	22.3	67.1	10.7	17.1	58.9	24.0
Delivery Time	12.6	82.8	4.0	15.3	74.6	10.1
Inventories	34.3	49.0	16.7	32.9	43.6	22.9
Prices Paid	7.7	84.7	7.1	4.0	42.7	53.3
Prices Received	12.0	75.2	12.6	5.8	54.2	39.5
Number of Employees	26.9	66.4	6.4	31.6	44.5	23.8
Average Employee Workweek	11.9	85.1	2.2	5.0	79.2	15.8
Capital Expenditures				11.8	56.1	23.8

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