



# Business Outlook Survey

Research Department

November 1985

Manufacturing activity in the region is picking up, according to the latest Business Outlook Survey. Thirty-six percent of the companies participating in this month's survey report increasing business while only 11 percent say that their business is slowing down. Activity at 52 percent of the area plants covered by the November survey is unchanged from October.

Local manufacturers note improvements in the levels of new orders and shipments as well as small increases in their backlogs of unfilled orders. Inventories are down marginally. The employment situation is static, with two-thirds of the firms covered by the November survey saying they have made no changes in payrolls this month, and a slightly larger portion of firms reducing workforces than adding workers. Although 17 percent of of this month's survey respondents are lengthening working hours, 80 percent are holding to current work schedules.

Area manufacturers are generally optimistic about business activity for the near future. Around half of the November survey respondents anticipate improvement over the next six months, and a third expect stable conditions. Only 17 percent foresee a slowdown in business. On balance, manufacturers in the region expect increases in new orders and shipments, and are planning greater outlays for additions to plant and equipment. As in previous surveys this year, however, participants in the November survey do not expect employment to move up soon.



Industrial prices in the region are stable again this month. Eighty-one percent of the survey respondents say their input costs are unchanged from a month ago, and 76 percent have held the prices of their own products constant. Forecasts for the next six months reflect diverse expectations. Half of those polled anticipate rising prices for raw materials, although 43 percent expect no change. With respect to the products they make, 44 percent plan to charge more six months from now, while 48 percent will maintain current prices.

In summary, industrial activity in the region is growing in November, and area manufacturers expect further gains over the next six months. Higher capital expenditures are scheduled, but little improvement in employment is forecast.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS NOVEMBER 1985

| INDICATOR  | November<br>vs.<br>October |              |          | Six Months from Now<br>vs.<br>November |              |          |
|--|----------------------------|--------------|----------|--|--------------|----------|
|  | Decrease                   | No<br>Change | Increase | Decrease                               | No<br>Change | Increase |
| <b>GENERAL BUSINESS CONDITIONS</b>                                 |                            |              |          |  |              |          |
| What is your evaluation of the level of general business activity? | 11.0                       | 52.2         | 35.7     | 16.5                                   | 33.6         | 49.0     |
| <b>COMPANY BUSINESS INDICATORS</b>                                 |                            |              |          |  |              |          |
| New Orders   | 18.0                       | 33.8         | 48.0     | 23.7                                   | 25.0         | 49.7     |
| Shipments  | 12.5                       | 40.1         | 44.7     | 16.4                                   | 29.1         | 54.5     |
| Unfilled Orders  | 14.2                       | 54.7         | 31.1     | 21.0                                   | 56.0         | 21.3     |
| Delivery Time  | 13.9                       | 71.0         | 14.1     | 12.9                                   | 72.5         | 12.8     |
| Inventories  | 36.8                       | 36.3         | 26.9     | 38.1                                   | 35.9         | 25.2     |
| Prices Paid  | 8.4                        | 80.7         | 10.7     | 7.4                                    | 42.9         | 49.8     |
| Prices Received  | 10.0                       | 76.4         | 12.3     | 8.5                                    | 47.9         | 43.6     |
| Number of Employees  | 18.6                       | 66.4         | 15.0     | 31.6                                   | 43.6         | 24.8     |
| Average Employee Workweek  | 2.1                        | 81.0         | 16.9     | 14.1                                   | 67.0         | 18.8     |
| Capital Expenditures   |                            |              |          | 11.3                                   | 46.4         | 36.1     |

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