

# is Outlook

## Survey

### Research Department

December 1985

Industrial activity in the region is expanding slightly, according to this month's Business Outlook Survey. Twenty-nine percent of the manufacturing firms covered by the December survey report improving business while 13 percent say business is off from last month. Fifty-five percent of the plants surveyed are operating at a steady rate.

New orders and shipments are up at industrial plants in the region, but local manufacturers' backlogs of unfilled orders are flat. Employment is steady; almost two-thirds of the industrial establishments participating in this month's survey indicate no change in payrolls, and the percentage of firms adding workers is about equal to the percentage reducing workforces.

Looking ahead, area manufacturers generally have positive views. Around half of those contacted this month expect improving business between now and June of 1986 and a quarter expect business activity to continue at its current pace. Only one in five anticipates some slowing down. Overall, manufacturers in the region foresee gains in new orders and shipments, and they are planning to increase capital expenditures. On the negative side, however, responses to this month's survey indicate that fractional cutbacks in employment are likely during the next six months.

Industrial prices in the region are mostly stable this month. Three-quarters of the December survey respondents say prices of both the materials they purchase and



the products they make are steady; 15 percent of the respondents report increasing input costs as opposed to only 7 percent who say their input costs have declined. Price forecasts for the next six months are mixed. More than half of the firms polled this month expect rising costs for raw materials while 36 percent expect no change; and, for their own products, 36 percent intend to raise prices while 45 percent plan to hold the line.

In summary, industrial activity in the region is moving up in December, and area manufacturers expect further expansion during the first half of next year. For employment, however, the outlook remains dim, as manufacturers expect some trimming of payrolls between now and next summer.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

DECEMBER 1985

INDICATOR	December vs. November			Six Months from Now vs. December		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	13.4	54.9	29.0	21.3	26.4	50.9
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	17.7	42.3	39.6	17.5	36.0	42.6
Shipments	13.8	46.9	39.3	19.6	31.3	45.8
Unfilled Orders	22.5	52.2	21.7	20.6	49.6	24.6
Deiivery Time	9.9	71.2	18.9	18.1	67.8	11.0
Inventories	36.9	43.2	19.9	40.4	38.7	21.0
Prices Paid	6.8	77.1	14.9	6.3	36.2	55.6
Prices Received	13.1	73.6	13.3	17.8	44.7	36.2
Number of Employees	17.9	62.7	16.8	31.3	49.9	17.4
Average Employee Workweek	22.3	62.7	15.0	16.6	62.4	18.8
Capital Expenditures				12.0	44.5	31.4

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