

ss Outlook

Research Department

May 1986

Manufacturing activity in the region is holding steady this month, according to the latest Business Outlook Survey. About two-thirds of the industrial firms covered by the May survey say business is level with last month. The remaining one-third split evenly between those who report slower activity and those who say operations are picking up.

Specific business indicators reflect a pause in growth for the region's manufacturing sector. New orders and shipments are substantially unchanged, and unfilled orders are falling fractionally. Employment is slipping marginally; although a majority of the May survey respondents are maintaining employment levels, 22 percent are making payroll cuts, while just 15 percent are adding workers. Working hours are steady at 79 percent of the plants covered by the latest survey.

Looking ahead, area manufacturers have mixed views, with 34 percent of the May survey respondents predicting steady conditions during the next six months, 39 percent looking for improvement, and 23 percent forecasting a slower period. Fractional gains are expected in new orders and shipments, but order backlogs are expected to shrink further. Employment prospects remain dim, with just 12 percent of the firms covered by this month's survey planning to hire more workers. Local manufacturers' capital spending plans overall call for a steady rate of outlays through fall.

Industrial prices in the region are stable. More than 80 percent of the May survey respondents say both input and output prices are unchanged from last month. Some price increases are anticipated, however. Although 59 percent of the survey respondents expect input costs to remain at current levels over the next six months, 31 percent believe price hikes are likely; and for selling prices, 70 percent of the local manufacturers polled this month will hold the line, but 23 percent plan increases.

Overall, industrial activity in the region is steady this month. Manufacturers expect some gains over the next six months, and they expect capital spending to hold up; however, they forecast continued weakness in the employment situation.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

MAY 1986

INDICATOR	May vs. April			Six Months from Now vs. May		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	15.6	67.5	15.9	23.4	34.0	38.5
COMPANY BUSINESS INDICATORS						
New Orders	24.4	53.3	19.1	20.4	41.4	36.0
Shipments	16.2	54.5	21.7	15.9	50.0	34.1
Unfilled Orders	28.4	62.2	8.6	20.2	66.5	11.0
Delivery Time	10.7	84.0	5.3	13.3	86.1	0.6
Inventories	29.6	47.9	18.9	38.7	46.1	12.8
Prices Paid	8.5	83.4	7.4	9.8	59.0	30.5
Prices Received	11.1	81.3	6.9	7.8	69.7	22.5
Number of Employees	21.9	63.4	14.7	21.3	67.2	11.5
Average Employee Workweek	14.9	78.7	6.4	12.2	80.2	7.6
Capital Expenditures				18.9	61.2	19.9

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