

B. Turnbull

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Business Outlook

Survey

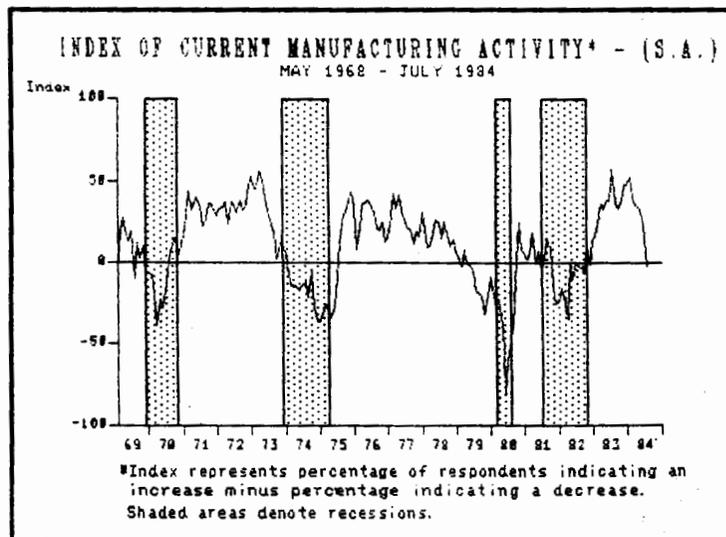
Research Department

July 1984

Results of the July Business Outlook Survey show a fractional decrease in local manufacturing activity, the first decline in 19 months. Fourteen percent of those responding indicate a pickup in activity while 26 percent report a decrease. This performance represents a continuation of the general slowing trend which began in April. Even after adjusting for the seasonal factors that tend to restrain activity in July, this month's results show no growth from June levels. (See Chart.)

Specific indicators also have suffered a mild setback in July. New orders have fallen and shipments and delivery times have failed to improve since June. Also unchanged from last month are inventory levels and payroll sizes.

Despite the apparent leveling off of activity in recent months, BOS respondents remain upbeat. Signaling confidence in the continued strength of the recovery in manufacturing, their outlook for the remainder of 1984 is brighter now than it was in June. Fifty-four percent of July respondents foresee expansion over the next six months, and only 14 percent are forecasting a



decline in activity. The outlook for new orders and shipments is very positive, while gains in inventories and employment are expected to be milder.

Industrial price increases are more widespread in July than in the last few months. Forty-six percent of survey respondents are paying higher prices in July than in June and 22 percent report receiving more for their output this month. The outlook, however, has changed very little; 78 percent foresee higher input prices over the next six months and 52 percent expect to receive more for their final products.

In summary, July's survey marks the first month since December 1982 in which the level of manufacturing activity has failed to increase from the previous month. Nevertheless, manufacturers are forecasting gains in activity for the remainder of 1984.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS JULY 1984

INDICATOR	July vs. June			Six Months from Now vs. July		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	26.0	60.0	14.0	14.0	32.0	54.0
COMPANY BUSINESS INDICATORS						
New Orders	34.0	48.0	16.0	12.0	28.0	58.0
Shipments	26.0	46.0	24.0	14.0	26.0	56.0
Unfilled Orders	26.0	56.0	14.0	14.0	58.0	24.0
Delivery Time	8.0	78.0	10.0	16.0	64.0	14.0
Inventories	18.0	58.0	22.0	30.0	44.0	24.0
Prices Paid	0.0	54.0	46.0	0.0	20.0	78.0
Prices Received	0.0	74.0	22.0	2.0	42.0	52.0
Number of Employees	12.0	74.0	12.0	16.0	58.0	26.0
Average Employee Workweek	16.0	76.0	6.0	10.0	72.0	16.0
Capital Expenditures				16.0	54.0	28.0

Note: Items may not add to 100 per cent because of omission by respondents.