

Business Outlook Survey

Research Department

January 1985

Area manufacturers say stability prevails in the local industrial sector this month. While 27 percent of the executives polled in the January Business Outlook Survey say business has improved at their plants, over half say activity is unchanged, and 17 percent note a dropoff from December levels.

The specific indicators are turning in a mixed performance, supporting the general reports of respondents. Inventories are down fractionally, as the level of new orders remains flat and shipments increase. Producers' backlogs, employment, and the length of the average workweek are down marginally from December's levels. Delivery times are unchanged.

Looking ahead to the next six months, manufacturers appear to be optimistic in their outlook, but reserved in their actual plans to prepare for further growth. Over 60 percent of those polled foresee their businesses expanding further in the future, with widespread growth in new orders and shipments. Respondents have no plans to add to either inventories or payrolls, however, although they may lengthen working hours should demand for their products increase.

Industrial prices have held steady. Over two-thirds of the survey respondents say there has been no change in input costs from last month, and three-quarters have kept their prices at December levels. As for the future, prices are expected to rise in the first half of 1985; almost three-quarters of the respondents forecast higher costs and about half plan to charge more for their finished products.



In summary, the survey results for January indicate stability in local manufacturing. Looking ahead, the outlook for the next six months is still positive, although manufacturers' plans for expansion are somewhat hazy.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

January 1985

INDICATOR	January vs. December			Six Months from Now vs. January		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	16.9	56.5	26.6	15.0	21.1	61.9
COMPANY BUSINESS INDICATORS						
New Orders	26.5	41.4	29.0	11.3	20.2	64.5
Shipments	18.7	40.4	37.2	10.4	18.6	65.7
Unfilled Orders	18.3	69.6	11.1	16.2	53.0	30.8
Delivery Time	4.0	88.6	5.1	2.4	80.7	13.2
Inventories	38.7	37.8	23.3	28.9	45.0	26.0
Prices Paid	0.9	67.8	30.1	1.4	28.0	69.8
Prices Received	8.2	74.3	15.8	1.8	54.6	43.0
Number of Employees	18.2	68.8	10.9	17.2	60.7	17.2
Average Employee Workweek	15.2	75.0	8.3	1.7	75.1	23.2
Capital Expenditures				5.0	56.2	34.2

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