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Outlook

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Research Department

March 1986

Industrial activity in the region is gaining marginally, according to the latest Business Outlook Survey. Business improved from last month for 23 percent of the local manufacturers responding to the March survey, declined for 13 percent, and was unchanged for 64 percent.

Particular indicators of manufacturing activity are positive, on the whole. Industrial companies in the region report a higher rate of shipments and a small increase in new orders this month; on the negative side, local manufacturers' backlogs of unfilled orders are off fractionally. Employment measures show little change. Workforces expanded at 10 percent of the plants covered by this month's survey, but decreased at 25 percent, thus offsetting last month's slight gain in employment. Three-fourths of the companies surveyed indicate constant working hours.

In their outlook for the next six months, area manufacturers are generally optimistic. Forty-two percent of those participating in the March survey expect business to improve between now and autumn, 39 percent anticipate steady business, and 17 percent forecast a decline. Overall, survey respondents expect increases in orders and shipments, but do not foresee any changes in employment levels or working hours. Twenty-three percent of the industrial companies surveyed in March intend to increase expenditures for new plant and equipment



during the next six months, while 15 percent will be scaling back capital outlays; 58 percent plan to maintain current rates of spending.

Prices of industrial goods in the region remain steady. More than 4 out of 5 companies surveyed in March report no changes in the prices of either goods purchased or goods sold. Survey respondents indicate that some price hikes are likely in the near future, however. Although a majority of local manufacturers expect prices to remain the same over the next six months, 43 percent anticipate higher input costs by September, and 20 percent plan to raise the prices of goods they produce.

In summary, industrial activity in the region is growing slightly in March. Manufacturers believe that this expansion will continue over the next six months, but that employment will only hold steady.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS MARCH 1986

INDICATOR	March vs. February			Six Months from Now vs. March		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	13.1	63.8	23.1	17.2	38.6	42.3
COMPANY BUSINESS INDICATORS						
New Orders	17.7	56.2	24.6	16.4	35.4	48.2
Shipments	17.1	51.5	30.3	14.5	42.8	42.7
Unfilled Orders	26.7	63.2	9.8	17.3	57.2	25.5
Delivery Time	10.5	80.4	9.1	8.2	80.1	11.7
Inventories	32.0	47.9	20.0	34.9	47.9	14.7
Prices Paid	0.6	81.7	17.7	0.0	57.0	43.0
Prices Received	4.5	87.0	8.1	5.5	74.5	20.0
Number of Employees	24.8	65.0	10.0	21.4	57.4	21.2
Average Employee Workweek	8.0	73.8	18.2	11.1	78.2	8.5
Capital Expenditures				15.2	58.0	23.0

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