

# Business Outlook Survey

Research Department

June 1987

Industrial activity in the region is expanding slightly this month, according to the latest Business Outlook Survey. Nearly one-third of the companies covered by the June survey report increased business from last month, while one-fifth say the pace of their operations has slackened; about half indicate no change.

Most indicators of industrial activity reflect the trend of moderate growth experienced so far this year. Shipments are rising this month and new orders are up, but not by a comparable amount. Consequently, order backlogs are slipping. Employment, which rose last month, is only steady; most of the firms polled in June report no change in either payrolls or working hours.

Looking ahead, most of the firms contacted this month foresee growth continuing for the rest of the year; just over half expect further improvement, while the rest are fairly evenly divided between anticipating some weakness and expecting steady conditions. Overall, survey respondents forecast gains in new orders and shipments over the next six months, and they expect declining order backlogs to stabilize. On balance, local manufacturers are boosting planned rates of capital spending for the second half of the year, but they are projecting a slight reduction in employment.

Industrial prices in the region are mostly stable, although there is some upward movement in input costs. While 59 percent of the firms surveyed in June indicate steady prices for purchased goods, 40 percent report higher charges compared to May. Most firms say they are holding the line on the prices of their own products. Rising input costs appear to be influencing survey respondents' price expectations. Two-thirds of the firms participating in the June survey anticipate higher prices for the goods they will buy in the next six months and, although half intend to hold their own prices constant, 40 percent plan increases.

In summary, industrial activity in the region is growing slowly in June and area manufacturers expect this trend to continue through the rest of the year. Among local firms, expectations of higher prices are growing.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

JUNE 1987

INDICATOR	June vs. May			Six Months from Now vs. June		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	21.0	46.6	32.3	24.1	23.9	51.5
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	20.1	44.1	35.3	22.2	33.5	44.3
Shipments	13.0	45.7	41.3	19.6	34.1	46.3
Unfilled Orders	25.7	58.6	15.1	18.7	55.8	24.6
Delivery Time	16.7	70.8	10.2	4.4	78.6	15.5
Inventories	30.6	48.8	20.6	25.6	50.6	21.3
Prices Paid	2.1	58.7	39.2	4.6	26.7	68.6
Prices Received	6.6	77.1	16.0	2.5	55.9	40.3
Number of Employees	17.0	64.9	18.1	27.1	53.1	19.8
Average Employee Workweek	14.0	70.3	15.7	17.2	59.7	23.1
Capital Expenditures				12.9	47.9	31.8

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