

# Business Outlook

## Survey

Research Department

July 1987

The modest growth that the region's industrial sector experienced in the first half of the year is continuing, according to the latest Business Outlook Survey. Just over one-fourth of the firms participating in the July survey are stepping up production from June's pace, while 16 percent are cutting back; around half are operating at a steady rate. Reflecting this trend, most measures of industrial activity are making only fractional gains as the second half begins. New orders and shipments are rising slightly, continuing the first half's pace. More positively, order backlogs have turned up after declining for five months in a row, and employment is rising fractionally in its third month-to-month gain of the year. Although three-fourths of the companies surveyed in July report steady payrolls, 17 percent are adding workers, while only 8 percent are cutting back.

Looking to the future, area manufacturers contacted in July are mostly optimistic, but remain conservative in their planning. On balance, firms polled this month forecast gains for new orders and shipments, and larger order backlogs. However, local manufacturers do not expect the recent improvement in employment to continue, and they are planning only modest increases in capital spending.



Although input costs are showing some upward movement, industrial prices in the region remain stable overall. Looking ahead, while about half of the firms polled in July intend to hold the line on the prices of their own products, 60 percent expect to pay higher prices for purchased goods in the next six months.

In summary, manufacturing activity in the region is moving up slowly in July and there are signs that renewed industrial expansion since last fall is boosting employment after two lackluster years. Local manufacturers expect growth to continue into next year.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

JULY 1987

INDICATOR	July vs. June			Six Months from Now vs. July		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	16.5	51.9	27.5	23.8	23.0	53.2
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	19.5	47.7	32.8	23.4	25.8	50.8
Shipments	13.8	58.5	27.7	22.6	28.5	46.6
Unfilled Orders	19.1	54.0	26.6	19.0	46.5	33.4
Delivery Time	11.1	78.0	10.2	21.7	56.5	18.4
Inventories	21.9	62.1	16.0	32.8	49.1	17.3
Prices Paid	1.4	65.7	32.6	5.2	34.4	59.6
Prices Received	7.0	88.6	4.3	8.4	53.4	34.4
Number of Employees	8.2	75.0	16.8	25.6	52.0	21.1
Average Employee Workweek	3.9	74.5	17.6	20.3	60.8	18.8
Capital Expenditures				8.1	63.1	23.9

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