

Business Outlook Survey

Research Department

September 1987

Industrial activity in the region is expanding for the sixth month in a row, according to the latest Business Outlook Survey. Thirty-four percent of the local manufacturers covered by the September survey have stepped up production from August, while only 6 percent have cut back. Specific measures of industrial activity are consistent with an overall picture of modest growth this month. New orders and shipments are up, but order backlogs remain virtually flat for the second consecutive month. Employment is holding steady, following gains in July and August.

Looking to the future, area manufacturers are mostly optimistic. Just over half of the September survey respondents forecast continued improvement during the next six months, and another 20 percent expect to hold to current production levels. Overall, survey respondents foresee significant increases in new orders and shipments, but little growth in payrolls beyond the gains made in the last two months. Although most of the firms participating in this month's survey intend to maintain current capital spending levels, the percentage planning to hike expenditures six months hence is now higher than it has been in over three years.

Industrial prices continue to move up in the area, according to the survey, with reported increases for both materials and finished goods more



widespread than at any time in the last three years. About half of the respondents say they are paying more for inputs and one-fifth indicate they are charging more for the products they make. Looking ahead, two-thirds of the survey respondents predict higher costs over the next six months for the goods they purchase and nearly half intend to raise prices for the products they make.

In summary, industrial activity in the region is expanding moderately in September, and local manufacturers expect this improvement to continue during the next six months at least. The number of local firms noting higher prices has risen recently, and expectations of further increases have risen somewhat as well.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

SEPTEMBER 1987

INDICATOR	September vs. August			Six Months from Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
	GENERAL BUSINESS CONDITIONS					
What is your evaluation of the level of general business activity?	6.1	52.1	34.1	21.9	20.3	51.5
COMPANY BUSINESS INDICATORS						
New Orders	9.5	41.1	49.4	21.1	21.7	55.3
Shipments	3.9	48.7	41.9	24.3	18.2	54.0
Unfilled Orders	21.4	52.7	25.5	32.2	37.7	27.0
Delivery Time	16.1	69.4	12.7	21.8	68.0	2.7
Inventories	28.7	50.5	20.4	39.8	31.4	28.8
Prices Paid	0.0	50.1	49.9	4.1	27.0	68.9
Prices Received	1.2	77.9	20.9	7.1	41.1	49.4
Number of Employees	12.4	71.6	16.0	21.9	55.6	21.8
Average Employee Workweek	10.7	72.1	16.7	11.4	65.2	19.5
Capital Expenditures				5.4	53.1	40.8

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