

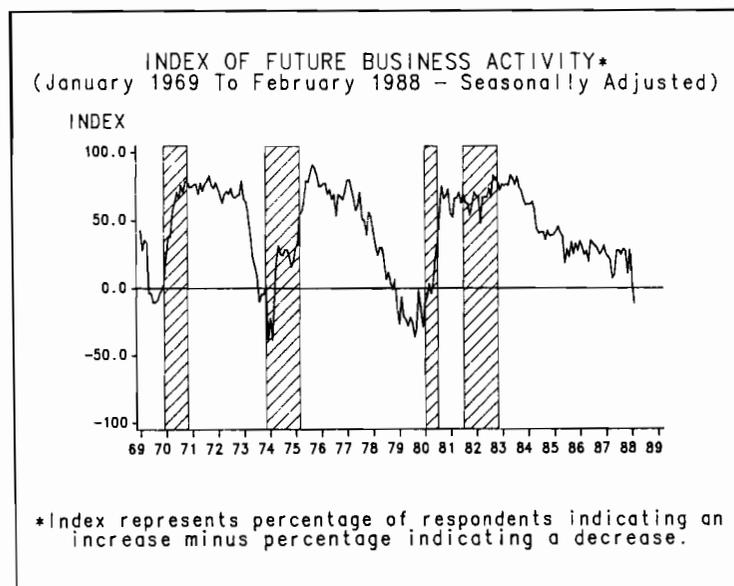
Business Outlook Survey

Research Department

February 1988

Local industry has resumed its upward course this month after a pause in January, according to the February Business Outlook Survey, but managers at area firms say the expansion may come to an end by summer. On balance, manufacturers polled in February say business is picking up, but, looking ahead to August, more survey respondents expect declining business than improvement. This is the first time in nearly eight years that the overall outlook has been negative (see chart).

Current measures of industrial activity indicate moderate growth this month, but signal some weakness ahead. New orders are rising, but not by enough to boost order backlogs, and inventories are higher for the second month in a row even though shipments are picking up. In the past such behavior in order backlogs and



inventories has often presaged downturns in general activity.

On the price front, a majority of local manufacturers report higher input costs this month compared to last month, and nearly a third are raising the prices of their own products. Looking ahead, nearly half anticipate further increases in the costs of goods they buy and about a third plan to charge more for the products they make.

In summary, the region's industrial sector is making moderate gains in February after a pause last month, but local manufacturers say the expansion may be over by the end of this summer.

**BUSINESS OUTLOOK SURVEY
SUMMARY OF RETURNS**

FEBRUARY 1988

INDICATOR

February vs. January			Six Months from Now vs. February		
Decrease	No Change	Increase	Decrease	No Change	Increase

GENERAL BUSINESS CONDITIONS

What is your evaluation of the level of general business activity?	16.6	49.5	31.5	32.3	43.1	20.8
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COMPANY BUSINESS INDICATORS

New Orders	13.7	58.1	28.2	23.7	48.4	26.0
Shipments	11.7	52.4	35.9	25.0	47.2	24.4
Unfilled Orders	23.5	49.2	27.4	36.9	52.0	10.7
Delivery Time	11.6	74.8	11.7	25.5	73.9	0.0
Inventories	19.0	55.0	25.0	30.3	45.7	20.5
Prices Paid	3.7	44.1	52.3	3.3	47.4	46.2
Prices Received	3.2	67.1	29.7	7.6	60.3	31.5
Number of Employees	7.9	68.0	22.5	19.0	67.2	13.9
Average Employee Workweek	8.4	76.0	14.5	20.9	76.8	2.3
Capital Expenditures				13.2	57.2	22.4

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