

Business Outlook Survey

Research Department

March 1988

The region's industrial sector is inching ahead this month, according to the March Business Outlook Survey. Of the companies reporting this month, 18 percent note improved business, while 10 percent indicate a slowdown compared to February; 72 percent are operating at a steady pace. Overall, specific measures of industrial activity show little change. Area firms are boosting shipments, but new orders are sluggish and order backlogs are slipping. Inventories are holding steady. The bright spot in this month's survey is factory employment, which is rising for the eleventh consecutive month.

Area manufacturers' outlook, which turned negative last month, remains slightly pessimistic. Although half of the March survey participants expect a continuation of current economic conditions over the next six months, over one-fourth forecast slower business. Overall, local firms predict only a steady rate of shipments between now and September, and they say their order books will shrink further. They also say the improving employment trend may come to an end, as they anticipate some weakening in employment this summer.

Industrial prices in the region continue to exhibit some upward movement. Nearly half of the firms polled in March note increases in input

costs from last month and a quarter are raising the prices of their own products. Looking ahead, 70 percent of the survey respondents anticipate further hikes in the cost of goods they purchase, and 36 percent plan to charge more for the products they make.

In summary, industrial activity in the region is moving up marginally again in March and employment still shows some strength. However, local firms are not optimistic that growth will continue, and they anticipate the string of good reports on employment will come to an end by next fall.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

MARCH 1988

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?	9.8	71.7	18.4	28.3	52.4	19.3
COMPANY BUSINESS INDICATORS						
New Orders	21.9	46.6	27.5	23.2	51.3	25.5
Shipments	14.5	47.0	35.1	22.9	51.5	25.6
Unfilled Orders	18.4	71.9	8.5	33.8	66.2	0.0
Delivery Time	9.8	81.1	9.1	24.3	75.7	0.0
Inventories	31.6	39.2	29.2	21.4	51.9	26.2
Prices Paid	5.1	46.6	46.7	2.4	28.1	69.5
Prices Received	3.8	69.5	25.3	8.0	56.5	35.5
Number of Employees	6.9	67.1	24.9	20.4	65.4	14.2
Average Employee Workweek	12.4	72.7	13.9	15.7	80.2	4.1
Capital Expenditures				11.3	54.2	32.4

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