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FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY  
Summary of Returns  
January 1977

This Summary of Returns reports on the January responses to the Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia. Its purpose is to provide an insight into Third District business conditions. The survey sample polls manufacturing firms with 500 or more employees.

After faltering in December, economic activity in the region's manufacturing sector is expanding. Thirty-three percent of the businessmen in the current survey indicate improvement while only 9 percent say that business is worse. Last month, 16 percent reported increases and 23 percent reported declines.

New orders and shipments are up substantially after being flat in November and December, and inventory levels are higher for the second month in a row. At the same time, employment is stabilizing. Factory work forces, which were declining since October, are unchanged this month and the average workweek, which was shortened in each of the past two months, is holding steady as well.

Over the next two quarters, manufacturers look for additional expansion. Of the executives surveyed, 8 out of 10 foresee better business conditions by July. This is up from December when 7 out of 10 anticipated improvement six months out. New orders, shipments, and inventories are projected to increase over the period, and the employment picture is expected to brighten as well. A longer workweek is anticipated by one-third of the respondents, and close to one-half plan to hire additional employees. In December, a similar proportion expected to lengthen the workweek six months out, but increases in employment were projected at

only one-fourth of the firms surveyed.

Prices in manufacturing are higher this month, and reports of cost increases are slightly more widespread. Two-fifths of the respondents to the current survey report paying more for their inputs compared to one-third reporting higher costs in December. At the same time, 19 percent report higher prices for their finished products--about the same as last month. By July, 9 out of 10 expect to be paying more for supplies and 3 out of 4 anticipate higher prices for the products they sell.

In short, manufacturing conditions in the region are substantially better in January and employment is holding steady. For the longer term, growth in output and employment is anticipated along with additional increases in prices.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS JANUARY 1977

INDICATOR	January vs. December			Six Months from Now vs. January		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	9.3	58.1	32.6	4.7	14.0	81.4
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	7.0	48.8	41.9	7.0	18.6	72.1
Shipments	11.6	46.5	41.9	7.0	23.3	69.8
Unfilled Orders	14.0	62.8	18.6	4.7	41.9	48.8
Delivery Time	9.3	76.7	9.3	9.3	62.8	23.3
Inventories	11.6	62.8	25.6	20.9	46.5	32.6
Prices Paid	0.0	60.5	39.5	0.0	7.0	93.0
Prices Received	2.3	76.7	18.6	2.3	18.6	76.7
Number of Employees	9.3	81.4	9.3	4.7	46.5	46.5
Average Employee Work week	11.6	69.8	16.3	4.7	58.1	34.9
Capital Expenditures				4.7	46.5	41.9

Note: Items may not add to 100 per cent because of omission by respondents.