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OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY  
Summary of Returns  
March 1976

This Summary of Returns reports on the March 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 a three-month lull, economic activity in the Third District is again picking up. Fifty-one percent of the executives responding to this month's survey of large manufacturing firms report a higher level of business activity. By comparison, the proportion indicating improvement in the December-through-February period averaged less than 25 percent. New orders are significantly higher this month and there is net inventory accumulation for the first time in a year and a half. Employment, however, continues to be sluggish. The average workweek is longer this month, but work forces have expanded only fractionally.

Prices continue to move upward, but inflationary pressures are about the same as in February. For the second month in a row, about two-fifths of the businessmen surveyed report higher prices for their supplies and one-fifth indicate higher price tags for their finished products.

The outlook for the next two quarters is for additional gains. Of the manufacturers polled, 9 out of 10 look for improved business conditions by Labor Day. New orders are expected to be higher and further accumulation of inventories is projected. More than half of the respondents expect to hire additional employees and one-fourth plan to lengthen the workweek. In addition, 41 percent of the executives surveyed plan to hike their spending for plant and equipment.

On the inflation front, manufacturers look for prices to increase over the period. Eighty-eight percent of the respondents expect to be paying more for their inputs by September and 78 percent anticipate charging more for the products they sell.

In short, expansion has returned to the region's manufacturing sector after a three-month period of sluggishness. Moreover, additional gains in output and a pickup in employment are projected over the next six months along with additional increases in prices.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS March 1976

INDICATOR	March vs. February			Six Months from Now vs. March		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	5.9	43.1	51.0	2.0	9.8	88.2
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	11.8	33.3	52.9	3.9	11.8	82.4
Shipments	9.8	41.2	49.0	5.9	13.7	78.4
Unfilled Orders	19.6	54.9	21.6	5.9	51.0	41.2
Delivery Time	5.9	78.4	11.8	5.9	74.5	15.7
Inventories	19.6	47.1	33.3	25.5	41.2	33.3
Prices Paid	0.0	64.7	35.3	2.0	9.8	88.2
Prices Received	5.9	72.5	21.6	0.0	21.6	78.4
Number of Employees	15.7	64.7	19.6	2.0	45.1	52.9
Average Employee Workweek	5.9	74.5	17.6	7.8	66.7	23.5
Capital Expenditures				2.0	54.9	41.2

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