



This Summary of Returns reports on the July 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.

Business activity in the region's manufacturing sector is still expanding, although at a slower pace than last month. In the current survey, a little over one-fourth of the executives indicate recent improvement in overall business conditions compared to two-fifths reporting gains in the previous survey. New orders and shipments remain basically at their June levels--a pause which occurs after each of these categories increased steadily since January. At the same time, inventories, which declined a bit last month, are reported to be unchanged during the last 4 weeks.

On the "plus" side, employment in manufacturing continues to improve. The factory workweek is longer this month, and increases in work forces are reported by one-fifth of the firms polled. This is the fourth month in a row in which job gains have been recorded.

The outlook in manufacturing for the next two quarters is optimistic with 3 out of 4 respondents projecting expansion. Gains are expected in new orders, shipments, and employment. At the same time, a slight accumulation of inventories is planned. One-third of the manufacturers surveyed expect to add to their stocks over the period while one-fourth anticipate lower levels by the beginning of 1977. This is the second month in a row in which the longer-term outlook for net inventory accumulation has weakened. Capital spending is another area which is expected to grow over the next six months. More than a third of the respondents plan to

hike their expenditures for plant and equipment over the period--about the same as last month.

On the price scene, manufacturers report paying and receiving higher prices this month. Better than half of the executives in the current survey report paying more for their inputs, and 1 out of 5 indicates higher prices for outputs. Over the next half year, 87 percent expect to be paying more for their supplies and nearly as many anticipate higher prices for their finished products.

In short, the region's manufacturing sector continues to improve, although on a smaller scale than in June. For the longer term, additional expansion is anticipated along with further increases in prices.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS July 1976

INDICATOR	July vs. June			Six Months from Now vs. July		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	13.0	58.7	28.3	2.2	21.7	76.1
COMPANY BUSINESS INDICATORS						
New Orders	23.9	56.5	19.6	2.2	19.6	78.3
Shipments	23.9	56.5	19.6	6.5	15.2	78.3
Unfilled Orders	15.2	65.2	17.4	6.5	37.0	52.2
Delivery Time	4.3	80.4	10.9	2.2	67.4	28.3
Inventories	28.3	43.5	23.9	26.1	39.1	32.6
Prices Paid	0.0	39.1	56.5	2.2	8.7	87.0
Prices Received	2.2	71.7	21.7	2.2	15.2	80.4
Number of Employees	4.3	73.9	19.6	8.7	50.0	41.3
Average Employee Workweek	0.0	87.0	10.9	4.3	71.7	23.9
Capital Expenditures				6.5	56.5	37.0

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