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DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
October 1976

This Summary of Returns reports on the October 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 continues to expand, but not enough to add to factory payrolls. Three out of 10 executives surveyed indicate that general business conditions have improved since September. Thirty percent of the respondents report an increase in new orders and a similar proportion indicate higher levels of shipments. Businessmen note that inventories are unchanged for the second month in a row.

The current expansion in manufacturing is apparently not strong enough to add to the number of jobs in this sector. The average workweek is slightly longer than it was last month, but employment, which was unchanged in September, shows a fractional decline in October. These two months of "no growth" come on the heels of steady job gains in the April-August period.

The outlook for the next six months is for further expansion and a pickup in hiring plans. Close to two-thirds of the executives polled look for a better business climate by April. Gains are anticipated in new orders, shipments, and inventories. At the same time, about 20 percent of the respondents expect to lengthen the workweek and nearly half plan to hire additional employees. Furthermore, spending for plant and equipment is projected to climb over the period at one-half of the firms polled.

On the inflation front, reports of price increases are not as widespread as in September. In the current survey, 48 percent of the respon-

dents report paying more for their supplies, and 23 percent report higher prices for their finished products. Each of these is about 7 percentage points below the proportion reporting increases last month. By April, 84 percent expect to be paying more for their inputs and 73 percent anticipate higher prices for the products they sell.

To recap, manufacturing activity in the region continues to move ahead, but no additional jobs are being created in this sector in the process. Over the next two quarters, growth in output and employment is anticipated, along with additional increases in prices.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS
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INDICATOR	October vs. September			Six Months from Now vs. October		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	2.3	65.9	31.8	4.5	31.8	63.6
COMPANY BUSINESS INDICATORS						
New Orders	9.1	56.8	31.8	4.5	25.0	68.2
Shipments	11.4	59.1	29.5	4.5	29.5	65.9
Unfilled Orders	11.4	70.5	11.4	6.8	47.7	40.9
Delivery Time	6.8	84.1	4.5	13.6	59.1	22.7
Inventories	25.0	52.3	22.7	20.5	50.0	29.5
Prices Paid	0.0	52.3	47.7	0.0	15.9	84.1
Prices Received	4.5	70.5	22.7	0.0	25.0	72.7
Number of Employees	9.1	88.6	2.3	2.3	52.3	45.5
Average Employee Workweek	6.8	79.5	13.6	2.3	75.0	20.5
Capital Expenditures				6.8	38.6	50.0

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