

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
April 1977

This Summary of Returns reports on the April 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.

Manufacturing activity in the region is on a clear upward trend. More than half of the respondents to the April Business Outlook Survey say that business conditions are better than in March. This is the highest proportion indicating expansion in a year, and the fourth consecutive month in which net gains have been reported.

New orders and shipments are higher this month, and inventories, which declined in February and held steady in March, are up as well. This expansion in industrial activity is giving a boost to employment. Factory work forces are increasing at one-fourth the firms sampled, and a similar proportion reports a longer workweek. This is the second month in a row in which both employment and the workweek have expanded.

For the longer term, manufacturers look for additional growth. Three out of four expect better business conditions by October. New orders and shipments are expected to increase from their present levels, and inventories are projected to climb as well. At the same time, additional growth in factory employment is anticipated. For the third month in a row, one-half the executives surveyed plan to add to their work forces six months out. In addition, close to one-third plan to lengthen the average workweek. This is down somewhat from last month, but still well above the proportions reported in 1976. Capital spending increases are planned at 40 percent of the firms sampled--about the same as last

month.

Prices in manufacturing continue to increase. Fifty-six percent of the respondents report higher prices for supplies this month. This is about the same as in March. On the output side, 40 percent of the businessmen surveyed report higher prices compared to 31 percent last month. By October, 84 percent look for higher prices for supplies and 64 percent expect to be receiving more for their finished products. Last month, these proportions were 86 percent and 74 percent respectively.

In short, industrial activity in the region continues to expand, and this in turn is giving a boost to employment. For the longer term, additional expansion is anticipated along with further increases in prices.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS APRIL 1977

INDICATOR	April vs. March			Six Months from Now vs. April		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	2.2	42.2	55.6	2.2	20.0	75.6
COMPANY BUSINESS INDICATORS						
New Orders	6.7	42.2	48.9	2.2	24.4	66.7
Shipments	6.7	35.6	55.6	2.2	28.9	64.4
Unfilled Orders	4.4	60.0	31.1	4.4	46.7	42.2
Delivery Time	2.2	80.0	15.6	4.4	75.6	15.6
Inventories	15.6	55.6	28.9	13.3	48.9	35.6
Prices Paid	0.0	44.4	55.6	0.0	13.3	84.4
Prices Received	2.2	55.6	40.0	0.0	31.1	64.4
Number of Employees	0.0	75.6	24.4	2.2	46.7	48.9
Average Employee Workweek	4.4	71.1	24.4	2.2	62.2	31.1
Capital Expenditures				0.0	55.6	40.0

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