



BUSINESS OUTLOOK SURVEY
 Summary of Returns
 May 1977

This Summary of Returns reports on the May 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 shows additional expansion this month, but at a somewhat slower pace than in April. In the current survey, 43 percent of the respondents say that general business activity has picked up. This is down from last month, however, when 56 percent were reporting improved business conditions.

New orders are higher at slightly more than one-third of the firms sampled, and a similar proportion of the respondents indicate higher levels of shipments. In April, by comparison, one-half the surveyed executives indicated gains in these categories. Inventories are unchanged this month after increasing in the previous survey. At the same time, both employment and the average workweek are expanding for the third month in a row.

For the longer term, manufacturers look for additional expansion, although expectations of gains are somewhat less widespread than in April. Two-thirds of the respondents look for better business conditions six months out--down from three-fourths in the previous survey. New orders and shipments are expected to climb over the next two quarters, and inventory levels are projected to increase fractionally. At the same time, employment and working hours are expected to increase although the proportion of firms planning to hire additional workers six months out is down from April.

Plans for increasing capital spending do not appear to be as strong as last month. The proportion of firms planning higher levels six months from now is the same as in April, but the proportion expecting lower levels is

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vey and is the lowest proportion since last summer.

Prices in the industrial sector continue to climb, but increases are no more widespread than in May. Fifty-six percent of the respondents say they are paying more for supplies, while 29 percent report receiving higher prices for their finished products. By December, 8 out of 10 expect to be paying more for their inputs, and 7 out of 10 foresee higher prices for the products they sell. In general, the proportion of respondents anticipating further increases in prices is down somewhat from last month.

In summary, economic activity in the region's manufacturing sector continues to grow. Over the next two quarters, additional expansion is projected along with further increases in prices.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS JUNE 1977

INDICATOR	June vs. May			Six Months from Now vs. June		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	7.3	51.2	41.5	2.4	26.8	70.7
COMPANY BUSINESS INDICATORS						
New Orders	9.8	56.1	31.7	7.3	19.5	70.7
Shipments	12.2	43.9	41.5	2.4	31.7	63.7
Unfilled Orders	22.0	56.1	14.6	4.9	53.7	36.7
Delivery Time	7.3	85.4	2.4	7.3	68.3	19.7
Inventories	26.8	41.5	31.7	14.6	53.7	31.7
Prices Paid	0.0	43.9	56.1	0.0	17.1	82.7
Prices Received	2.4	65.9	29.3	2.4	24.4	70.7
Number of Employees	9.8	68.3	22.0	2.4	58.5	36.7
Average Employee Workweek	7.3	78.0	14.6	4.9	73.2	19.7
Capital Expenditures				4.9	58.5	31.7

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