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BUSINESS OUTLOOK SURVEY For:



FEDERAL
RESERVE
BANK OF
PHILADELPHIA
Department of
RESEARCH

April 1978

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.

Area industry is blooming with warmer weather, according to the most recent Business Outlook Survey. Thirty-six percent of this month's respondents indicate an uptick in the general level of economic activity in April, while only 8 percent say business has slowed since March. This "margin of improvement" of 28 percentage points is up for the second month in a row, and wider than it has been since August. Responding manufacturers report significant gains in new orders and shipments, and say that the backlog of unfilled orders has grown somewhat as well, all indications that business is indeed improving. Moreover, the upswing may be giving a boost to local employment. The size of factory payrolls is up fractionally for the second consecutive month, as is the length of the average workweek.

Looking ahead six months, businessmen may be regaining at least some of their lost confidence as a result of the renewed expansion. The proportion of responding manufacturers anticipating improved business conditions by October (about half) is higher for the first time in five months. At the same time, Survey participants foresee gains in new orders, shipments, and employment, and plan to make substantial additions to inventories.

Inflation in the Delaware Valley industrial sector doesn't appear to be any worse in April. About half of this month's respondents report higher

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prices for raw materials, while about one-fourth say they're charging more for their finished products. For the longer term, manufacturers expect more widespread price increases.

In summary, industrial activity perked up in April, and consequently helped to improve the local job picture. As for the future, manufacturers don't predict a boom, but do seem to be regaining some of their lost optimism.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

APRIL 1978

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?	7.7	56.4	35.9	12.8	38.5	48.7
COMPANY BUSINESS INDICATORS						
New Orders	7.7	59.0	33.3	12.8	35.9	51.3
Shipments	5.1	56.4	38.5	7.7	46.2	46.2
Unfilled Orders	7.7	76.9	12.8	20.5	53.8	23.1
Delivery Time	2.6	76.9	15.4	5.1	76.9	15.4
Inventories	28.2	38.5	30.8	17.9	43.6	38.5
Prices Paid	0.0	46.2	51.3	0.0	17.9	82.1
Prices Received	0.0	69.2	25.6	0.0	23.1	74.4
Number of Employees	5.1	76.9	15.4	10.3	64.1	25.6
Average Employee Workweek	5.1	71.8	15.4	10.3	66.7	12.8
Capital Expenditures				10.3	53.8	30.8

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