

# BUSINESS OUTLOOK



FEDERAL  
RESERVE  
BANK OF  
PHILADELPHIA  
Department of  
RESEARCH

SURVEY For: October 1978

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.

Economic activity in the region's manufacturing sector continues to expand in October. Executives responding to this month's Business Outlook Survey report higher levels of new orders and shipments along with fractional growth of inventories. This continued expansion has given local employment a boost with both larger payrolls and a longer workweek reported in October.

The prospects for additional job gains, however, are not so bright. Over the next two quarters, respondents foresee a leveling off in business activity. New orders and shipments are projected to remain at their current levels, and inventories are expected to be trimmed. With such weakening anticipated, the outlook for employment is sluggish as well. Factory work forces are expected to hold their current levels over the period and the average workweek is expected to be shortened a bit.

On the inflation front, prices keep rising in the region's industrial sector. Half of those surveyed report paying higher prices for raw materials this month, while a third are charging more for their finished products. For the longer term, 84 percent of the respondents look for

further increases in the cost of inputs and 62 percent plan to hike the prices of the goods they sell.

In summary, continued gains in business activity are giving a boost to employment in the region's industrial sector. However, area executives foresee a slowing in the regional economy over the next six months that could prevent any further increases in employment.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS OCTOBER 1978

INDICATOR	October vs. September			Six Months from Now vs. October		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	5.4	62.2	32.4	29.7	45.9	24.3
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	10.8	54.1	35.1	29.7	43.2	27.0
Shipments	5.4	51.4	43.2	24.3	45.9	29.7
Unfilled Orders	16.2	59.5	21.6	32.4	45.9	18.9
Delivery Time	2.7	89.2	5.4	13.5	75.7	8.1
Inventories	13.5	64.9	21.6	32.4	51.4	16.2
Prices Paid	0.0	45.9	54.1	2.7	13.5	83.8
Prices Received	0.0	67.6	32.4	0.0	37.8	62.2
Number of Employees	8.1	64.9	27.0	16.2	62.2	21.6
Average Employee Workweek	5.4	75.7	16.2	16.2	75.7	8.1
Capital Expenditures				8.1	64.9	21.6

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