

BUSINESS OUTLOOK



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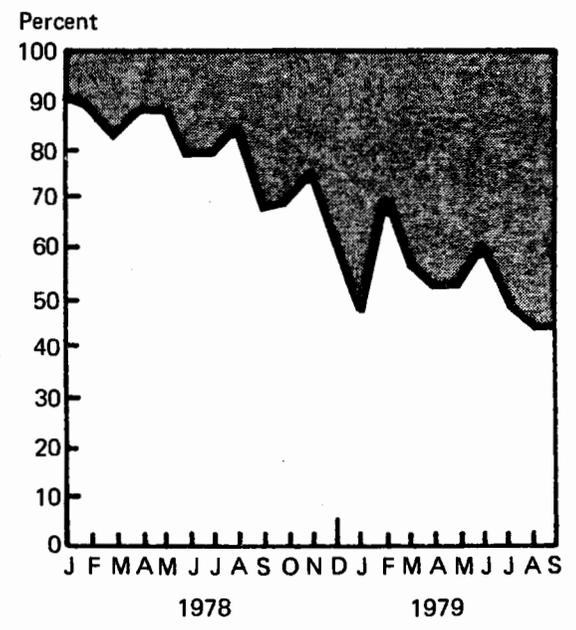
SURVEY FOR: September 1979

This Summary of Returns reports on the September 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.

Manufacturers responding to this month's Business Outlook Survey report further deterioration of general business conditions in the industrial sector, but at a pace reduced from that recorded in July and August. New orders are off fractionally in September, while shipments are up slightly. Consequently, producers' backlogs continue to shrink and nearly half of the respondents say inventories have taken another dip. However, factory labor remains unaffected by the three-month old slowdown, as neither payrolls nor weekly hours have been cut in September.

As for the future, responding manufacturers continue to become less confident about economic conditions six months out (see chart) and appear to be bracing for further dampening of the business climate. With both new orders and shipments projected to take significant drops between now and March, survey respondents are planning to trim the size of their work forces and cut working hours as well. Moreover, expenditures on plant and equipment are expected to be no higher in six months than they are today.

BUSINESS CONFIDENCE*



* Index represents percentage of respondents expecting no change in business conditions over the next six months plus percentage expecting improvement.

Inflation continues in the Delaware Valley industrial sector in September. Two thirds of the executives polled this month report paying more for raw materials than they did in August, while nearly half are charging more for their finished products. For the longer term, more of the same is expected. Nine out of 10 manufacturers are projecting higher input costs six months out, and 3 out of 4 are planning to boost the prices of the goods they sell.

In short, local industrial activity has slowed further in September. Looking ahead, further cutbacks are projected, along with continued price hikes.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS September 1979

INDICATOR	September vs. August			Six Months from Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	26.5	58.8	14.7	55.9	29.4	14.7
COMPANY BUSINESS INDICATORS						
New Orders	26.5	58.8	14.7	44.1	38.2	17.6
Shipments	17.6	52.9	29.4	41.2	41.2	17.6
Unfilled Orders	26.5	64.7	5.9	38.2	50.0	8.8
Delivery Time	2.9	91.2	2.9	20.6	67.6	8.8
Inventories	44.1	35.3	20.6	35.3	32.4	32.4
Prices Paid	0.0	35.3	64.7	0.0	8.8	91.2
Prices Received	2.9	50.0	47.1	2.9	20.6	76.5
Number of Employees	11.8	76.5	11.8	35.3	52.9	11.8
Average Employee Workweek	11.8	76.5	11.8	38.2	52.9	8.8
Capital Expenditures				11.8	58.8	17.6

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