



BUSINESS OUTLOOK SURVEY

NOVEMBER 1982

Department of Research
Federal Reserve Bank of Philadelphia

Manufacturers responding to the November Business Outlook Survey say area industrial activity has declined marginally this month, partially offsetting the gains noted in the October survey. It seems again, as it has in recent months, that local industry has not yet gained the strength necessary for a sustained, robust recovery.

The prevailing weakness in overall activity is evident in the specific indicators for November. New orders and shipments, after two months of steady growth, have both fallen off slightly, while producers' backlogs have decreased considerably. Stock levels at area plants continue to be drawn down at a rapid rate as well. In addition, the downturn spells further trouble for local workers. Cutbacks in working hours have resumed following a brief respite in October, and manufacturing work forces have been reduced again.

Renewed expansion in local manufacturing over the next six months is still widely expected by survey respondents. New orders and shipments are projected to post widespread gains between now and May, with an increase in backlogs expected to follow. Producers will augment their payrolls and lengthen the workweek in response. Participating businessmen remain uncertain about the long-term strength of the recovery, however, and are planning little in the way of inventory building or capital spending increases through next spring.

Industrial prices, reflecting the current condition of area business, have softened further in November. While respondents report paying the same prices for raw materials now as they

did in October, they have fractionally cut their own products' prices for the second month in a row. Manufacturers predict that between now and May, as the industrial sector rebuilds, prices of both input and finished goods will begin to rise again.

In summary, business activity in the industrial sector dipped slightly this month, revealing continued weakness in area manufacturing. Local industrialists expect an upturn over the next six months that will lead to improved conditions—and higher prices—by May.

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SUMMARY OF RETURNS November 1982

INDICATOR	November vs. October			Six Months from Now vs. November		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	22.2	61.9	14.3	6.3	15.9	76.2
COMPANY BUSINESS INDICATORS						
New Orders	22.2	61.9	15.9	3.2	20.6	76.2
Shipments	28.6	49.2	20.6	7.9	17.5	73.0
Unfilled Orders	31.7	61.9	3.2	6.3	58.7	31.7
Delivery Time	19.0	77.8	0.0	4.8	77.8	14.3
Inventories	38.1	54.0	6.3	20.6	50.8	27.0
Prices Paid	4.8	87.3	7.9	3.2	28.6	68.3
Prices Received	15.9	71.4	7.9	4.8	46.0	44.4
Number of Employees	34.9	61.9	3.2	7.9	49.2	41.3
Average Employee Workweek	23.8	71.4	3.2	6.3	65.1	25.4
Capital Expenditures				11.1	66.7	15.9

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