

10. Surabell



BUSINESS OUTLOOK SURVEY  
 Summary of Returns  
 July 1977

This Summary of Returns reports on the July 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 is moving ahead rather slowly in July. Twenty-two percent of the respondents to this month's survey say that business has improved since June, while 16 percent say it has worsened. This "net improvement" of 6 percentage points is the lowest since December.

In terms of specific indicators, new orders and shipments are reported to be unchanged from June's levels, and inventories are holding steady for the third month in a row. At the same time, little strength is evident in employment. Jobs in manufacturing are up only fractionally from last month, and working hours are unchanged after increasing steadily since March.

Despite the current lull, manufacturers are generally bullish about the next six months. Of the executives surveyed, 3 out of 4 look for better business conditions by January. Increases in new orders and shipments are projected over the period, and inventories are expected to climb. At the same time, manufacturers plan to hire additional employees and to lengthen the average workweek. Increases in capital spending six months out are reported at slightly more than one-third of the firms sampled--essentially unchanged from last month.

Prices in the industrial sector continue to climb, but at a markedly slower pace than in the first half of the year. Forty-two percent of those

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polled in the current survey report paying more for supplies, while 22 percent are receiving higher prices for the products they sell. These are the lowest proportions reporting such increases since mid-winter. By next January, 87 percent expect to be paying more for their inputs, and 78 percent anticipate receiving higher prices for their finished products.

In summary, economic activity in the region's manufacturing sector is sluggish. Over the next six months, however, a pickup in business activity is projected along with more job opportunities for Delaware Valley workers.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS JULY 1977

INDICATOR	July vs. June			Six Months from Now vs. July		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	15.6	62.2	22.2	2.2	22.2	75.6
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	17.8	57.8	22.2	2.2	17.8	77.8
Shipments	24.4	53.3	22.2	4.4	20.0	75.6
Unfilled Orders	15.6	64.4	15.6	4.4	44.4	46.7
Delivery Time	2.2	91.1	2.2	6.7	73.3	15.6
Inventories	20.0	55.6	22.2	20.0	40.0	37.8
Prices Paid	0.0	57.8	42.2	0.0	13.3	86.7
Prices Received	2.2	73.3	22.2	0.0	20.0	77.8
Number of Employees	4.4	84.4	11.1	4.4	64.4	31.1
Average Employee Workweek	6.7	80.0	11.1	6.7	62.2	28.9
Capital Expenditures				8.9	53.3	35.6

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