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# BUSINESS OUTLOOK

## SURVEY For:



FEDERAL  
RESERVE  
BANK OF  
PHILADELPHIA  
Department of  
RESEARCH

February 1980

This Summary of Returns reports on the February 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 manufacturing activity appears to be dropping another notch in February according to respondents to this month's Business Outlook Survey, pushing the industrial sector further into the slump that began eight months ago. Recent trends in specific indicators of business activity have continued, with new orders off again substantially and shipments down to a lesser degree. Inventory liquidation, at least for the time being, seems to have slowed. On the employment front, factory payrolls have been trimmed again in February (for only the second time since the downturn started) and working hours have been cut as well.

For the longer term, survey respondents are expecting a holding pattern for business over the next six months. Virtually no change in the overall business climate is forecast between now and August, nor is any change in new orders or inventory levels foreseen. Only a marginal pickup in shipments is anticipated. Such a mediocre outlook is at least not bad news for labor though, as no further net payroll cuts are planned by respondents. Any necessary cutback in manpower will apparently be effected through a shorter workweek.

Prices are up again in February, according to this month's survey. About three-quarters of the manufacturers polled this month report paying higher prices for raw materials than they did in January, and better than half are charging more for their

finished products. Looking ahead to August, 87 percent of the respondents expect input costs to go up by late summer, while 70 percent plan price hikes for the goods they sell.

Overall, February has been another down month for local industry. Some relief is expected in coming months, however, albeit accompanied by continued inflation.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS February 1980

INDICATOR	February vs. January			Six Months from Now vs. February		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	27.0	67.6	2.7	32.4	32.4	32.4
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	32.4	62.2	5.4	32.4	29.7	35.1
Shipments	32.4	54.1	13.5	27.0	35.1	35.1
Unfilled Orders	24.3	64.9	8.1	21.6	48.6	27.0
Delivery Time	13.5	81.1	2.7	16.2	67.6	13.5
Inventories	18.9	54.1	24.3	35.1	35.1	29.7
Prices Paid	0.0	27.0	73.0	0.0	13.5	86.5
Prices Received	0.0	43.2	56.8	0.0	29.7	70.3
Number of Employees	21.6	70.3	8.1	18.9	64.9	16.2
Average Employee Workweek	16.2	81.1	2.7	24.3	67.6	8.1
Capital Expenditures				16.2	51.4	18.9

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