

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

April 1976

This Summary of Returns reports on the April 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.

Business conditions in the Third District have improved for the second month in a row. Fifty-eight percent of the respondents to this month's survey of large manufacturing firms report a higher level of economic activity. This is the second consecutive survey in which one-half or more of the executives polled have indicated gains. New orders and shipments are up substantially while inventories show little change from March. On the employment front, jobs in manufacturing have increased only slightly during the past month, but the average workweek has lengthened somewhat.

Prices continue to move upward, and cost increases are more widespread than last month. In the latest survey, 46 percent of the manufacturers indicate paying more for their supplies while last month 35 percent were reporting increases. On the output side, price pressures are about the same as in March with one-fifth of the firms sampled charging more for their finished products.

The outlook for the next six months is for additional expansion. Of the manufacturers polled, 8 out of 10 expect a higher level of economic activity by October. New orders and shipments are expected to be higher, and net accumulation of inventories is projected. At the same time, a longer workweek is anticipated and more robust hiring is planned.

One-fourth of the respondents expect to lengthen the average workweek and one-half plan to hire additional employees.

On the price front, manufacturers look for more inflation over the period. Four-fifths of the executives surveyed expect to be paying more for their supplies over the next two quarters, and three-fifths anticipate higher price tags for the products they sell.

To recap, business conditions in the region's manufacturing sector are improving but job gains have been small. For the longer term, gains in output and employment are projected along with further increases in prices.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS April 1976

INDICATOR	April vs. March			Six Months from Now vs. April		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	5.8	36.5	57.7	1.9	17.3	80.8
COMPANY BUSINESS INDICATORS						
New Orders	9.6	34.6	53.8	9.6	15.4	73.1
Shipments	5.8	36.5	57.7	7.7	21.2	71.2
Unfilled Orders	21.2	55.8	19.2	9.6	46.2	40.4
Delivery Time	9.6	78.8	7.7	7.7	73.1	15.4
Inventories	26.9	42.3	30.8	19.2	36.5	44.2
Prices Paid	0.0	53.8	46.2	1.9	15.4	82.7
Prices Received	3.8	76.9	19.2	0.0	40.4	59.6
Number of Employees	9.6	71.2	19.2	3.8	44.2	50.0
Average Employee Workweek	0.0	82.7	17.3	3.8	69.2	26.9
Capital Expenditures				3.8	53.8	40.4

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