FEDERAL RESERVE BANK OF PHILADELPHIA
DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
August 1976

This Summary of Returns reports on the August 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 conditions in the region's manufacturing sector continue to improve. One-third of the respondents to the August Business Outlook Survey report that business activity has increased since last month. New orders and shipments are both higher this month after registering no increase in the previous survey. At the same time, work forces are higher at 15 percent of the firms surveyed, while the average workweek is unchanged. One key area showing no increase is inventories which are slightly lower this month after holding steady in July.

The outlook for the next six months is for further expansion, although projections of gains are not as widespread as in the past. Of the executives polled, 2 out of 3 look for better business conditions over the next two quarters. This is down from last month, when 3 out of 4 respondents projected improvement six months out, and well below the monthly average (4 out of 5) for the first seven months of this year. Specific gains are expected in new orders, shipments, and employment, but for each of these barometers the proportion of respondents anticipating increases is substantially below the levels of the recent past. In addition to expansion in these categories, the average workweek and inventories are each expected to increase over the period. At the same time, 44 percent of the manufacturers surveyed plan to hike their spending for plant and equipment--up somewhat from last month.

With respect to prices, 46 percent of the respondents indicate paying higher prices for their supplies. This is down from last month when 57 percent were reporting increases. At the same time, 28 percent report price hikes for their finished products--about the same as in July. By February, roughly 3 out of 4 expect to be paying more for their inputs and 2 out of 3 anticipate charging more for the products they sell.

To recap, manufacturing activity in the region is growing and job gains continue. Over the next two quarters, additional improvement is projected, although on a somewhat smaller scale than in previous surveys.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS
August 1976

INDICATOR	August vs. July			Six Months from Now vs. August		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	2.6	66.7	30.8	12.8	20.5	64.1
COMPANY BUSINESS INDICATORS						
New Orders	7.7	51.3	38.5	15.4	23.1	59.0
Shipments	7.7	56.4	35.9	15.4	28.2	56.4
Unfilled Orders	12.8	69.2	12.8	10.3	46.2	38.5
Delivery Time	12.8	74.4	7.7	7.7	66.7	20.5
Inventories	35.9	38.5	25.6	17.9	43.6	38.5
Prices Paid	0.0	53.8	46.2	2.6	20.5	76.9
Prices Received	2.6	69.2	28.2	0.0	33.3	66.7
Number of Employees	0.0	84.6	15.4	12.8	61.5	25.6
Average Employee Workweek	7.7	84.6	7.7	10.3	64.1	25.6
Capital Expenditures				0.0	53.8	43.6

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