

BUSINESS OUTLOOK



FEDERAL
RESERVE
BANK OF
PHILADELPHIA
Department of
RESEARCH

SURVEY For: November 1978

This Summary of Returns reports on the November 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 local industrial sector continues to expand in November, but at a reduced pace, according to respondents to this month's Business Outlook Survey. About 21 percent of the responding manufacturers say business has improved since October, while 11 percent say it has worsened. This "net gain" of 10 percent is considerably lower than the gains posted in recent months. In terms of specific indicators, survey respondents report new orders to be unchanged from last month's levels while shipments are up substantially. Consequently, inventories have fallen in the past several weeks. The slower pace in production also appears to have affected the expansion of industrial employment as well. Survey respondents indicate no change in either the size of factory payrolls or the average workweek in November.

Looking ahead to the next six months, manufacturers see little change in the economic picture, with general business activity projected to remain stable through May. While both new orders and shipments are expected to pickup over the period, respondents plan to hold the line on inventories. No change in either employment or working hours is forecast.

Inflation continues in the industrial sector in November. Fifty-eight percent of the executives polled this month report paying higher prices

for raw materials, while 25 percent say they are charging more for their finished products. For the longer term, 9 out of 10 of the respondents expect the cost of inputs to increase over the next six months, while 7 out of 10 plan to hike the prices of goods they sell.

In summary, expansion continues in the industrial sector, but at a slower pace than in recent months. As for the future, manufacturers see little change in business conditions, but they do anticipate continuing inflation in the area economy.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS NOVEMBER 1978

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?	10.5	68.4	21.1	21.1	52.6	23.7
COMPANY BUSINESS INDICATORS						
New Orders	18.4	57.9	23.7	21.1	47.4	31.6
Shipments	5.3	63.2	31.6	13.2	55.3	31.6
Unfilled Orders	26.3	57.9	13.2	28.9	47.4	21.1
Delivery Time	10.5	76.3	10.5	21.1	68.4	7.9
Inventories	26.3	63.2	10.5	28.9	42.1	28.9
Prices Paid	0.0	42.1	57.9	0.0	10.5	89.5
Prices Received	2.6	63.2	28.9	0.0	26.3	68.4
Number of Employees	10.5	78.9	10.5	21.1	52.6	26.3
Average Employee Workweek	7.9	76.3	13.2	13.2	76.3	7.9
Capital Expenditures				7.9	65.8	21.1

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