

BUSINESS OUTLOOK



FEDERAL
RESERVE
BANK OF
PHILADELPHIA
Department of
RESEARCH

SURVEY. For: November 1979

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.

The downturn in local manufacturing activity has continued into its fifth month, according to respondents to the November Business Outlook Survey. New orders at the firms polled this month have dropped again, while shipments remain stable. Hence, order backlogs continue to shrink. Factory employment remains unaffected, however, with neither payrolls nor working hours being cut at local plants. Inventories have been cut significantly for the thirteenth consecutive month in response to the slowdown.

As for the future, manufacturers surveyed in November anticipate a worsening of overall business conditions over the next six months, but see no significant change in specific indicators of industrial activity over that period. New orders, shipments, and producers' backlogs are all expected to be virtually unchanged from their current levels in late spring, as are factory payrolls. The cautious mood of local businessmen is reflected, though, in their plans to cut working hours and hold the line on capital spending and inventory rebuilding in coming months.

Industrial prices took another jump in the Delaware Valley in November, but price hikes were less widespread than they've been since mid-summer. The cost of raw materials was up from last month at 61 percent of the firms polled in this survey, while the price of finished goods was higher at 37 percent. For the longer term, nearly 9 out of

10 respondents said they anticipate higher prices for inputs by May, while 7 out 10 report plans to boost their charges for the goods they sell.

In short, local industrial activity slowed again in November. For the longer term, manufacturers are maintaining a cautious stance, and project continued inflation.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS NOVEMBER 1979

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?	36.6	51.2	12.2	41.5	31.7	24.4
COMPANY BUSINESS INDICATORS						
New Orders	29.3	53.7	17.1	34.1	31.7	34.1
Shipments	19.5	58.5	22.0	31.7	36.6	31.7
Unfilled Orders	31.7	58.5	7.3	26.8	51.2	19.5
Delivery Time	9.8	82.9	4.9	19.5	61.0	17.1
Inventories	36.6	46.3	17.1	36.6	31.7	31.7
Prices Paid	0.0	39.0	61.0	0.0	12.2	87.8
Prices Received	0.0	61.0	36.6	2.4	24.4	70.7
Number of Employees	7.3	82.9	9.8	26.8	51.2	22.0
Average Employee Workweek	14.6	68.3	12.2	26.8	61.0	9.8
Capital Expenditures				14.6	53.7	22.0

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