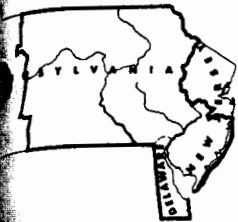


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BUSINESS OUTLOOK SURVEY

APRIL 1982

Department of Research
Federal Reserve Bank of Philadelphia

Area manufacturing activity has improved marginally in April, according to respondents to the most recent Business Outlook Survey. This is the first report of a positive change in overall business conditions in over six months, and probably represents further recovery from the recent slump in local manufacturing. As indicated last month, however, the rebound in activity is based mainly in the nondurable goods sector. Durables, while exhibiting some signs of improvement, declined marginally again in April.

Turning to specific indicators, new orders climbed for the second consecutive month and shipments held steady, following an upward burst in March. The step-up in manufacturing activity in April has failed to reduce the incidence of payroll cutbacks, however, or increase working hours. In addition, inventory liquidation persists, with widespread reports by durables producers of cuts in stock levels.

The strength in this month's industrial activity appears to have buoyed participants' outlooks for the next six months. Approximately three-quarters of the responding manufacturers foresee improved overall conditions by October, characterized by widespread gains in both new orders and shipments. Payroll and workweek increases are planned in response to the expected upswing in activity as well, but producers remain cautious and project only weak growth in inventories and capital outlays.

Industrial prices are exhibiting the moderating effects of the recent business slump. Nearly 75 percent of participating firms have indicated that the prices they charge for their finished products have not changed this month, while 13 percent say they have actually cut their prices. In addition, prices for raw materials, which have risen only fractionally in April, are more sluggish than at anytime

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input costs than in March and a significant number report paying less for materials. Manufacturers expect this trend in prices to give way to further inflation by early fall, however. About 7 out of 10 of the respondents expect input costs to rise within the next six months and more than 5 out of 10 are planning price hikes for the goods they sell.

In short, indications from this month's survey point to further recovery by local industry as well as a slowdown in inflation. Manufacturers are highly optimistic about the future, and even stronger growth by October.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

April 1982

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?	19.2	50.7	27.4	6.8	13.7	76.7
COMPANY BUSINESS INDICATORS						
New Orders	20.5	49.3	30.1	6.8	13.7	79.5
Shipments	23.3	52.1	23.3	9.6	16.4	71.2
Unfilled Orders	26.0	57.5	13.7	12.3	42.5	42.5
Delivery Time	17.8	75.3	4.1	6.8	61.6	27.4
Inventories	41.1	43.8	15.1	21.9	47.9	30.1
Prices Paid	8.2	69.9	21.9	2.7	21.9	75.3
Prices Received	13.7	72.6	12.3	2.7	41.1	54.8
Number of Employees	30.1	61.6	8.2	9.6	42.5	47.9
Average Employee Workweek	16.4	71.2	11.0	6.8	64.4	27.4
Capital Expenditures				16.4	57.5	23.3

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