

# BUSINESS OUTLOOK SURVEY

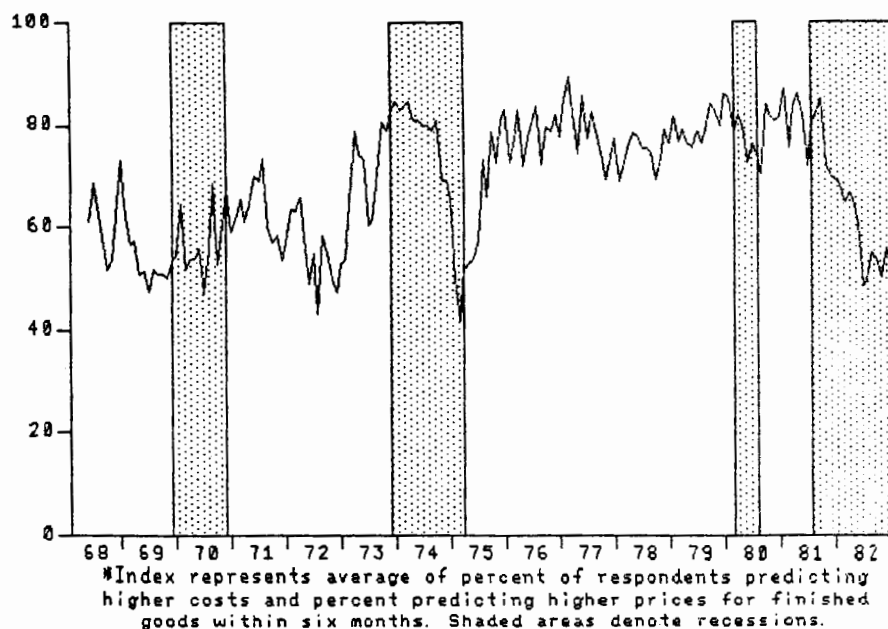
JANUARY 1983

Department of Research  
Federal Reserve Bank of Philadelphia

Local factories posted minor gains in January, according to the most recent Business Outlook Survey, partially offsetting the seasonal slowdown noted last month. Over a quarter of this month's respondents indicated improved business conditions in January, while just under 20 percent reported further slowing. New orders posted their biggest gains since last March, and shipments registered a smaller but significant uptick. Delivery times held steady for the first time in a year-and-a-half. On the negative side, local factory employment plunged further this month, according to the survey, and working hours were pared again.

Looking ahead, respondents' prognoses for the economy remain upbeat, with nearly 9 out of 10 of the executives polled in January forecasting a business pickup within six months. New orders and shipments are expected to show major improvement by midsummer, along with

INFLATION INDEX FORECAST\*  
BUSINESS OUTLOOK SURVEY  
May 1968 - January 1983



factory payrolls and working hours. Light growth in inventories is still planned, but only marginal capital spending increases are likely.

The slowdown in inflation has been well-documented in recent months the Business Outlook Survey, and the January results point to a continuation of this trend. The portion of respondents reporting price hikes this month is smaller than it has been since the end of 1971. Moreover, inflation is expected to remain at reduced levels for at least six months. Only half of the January respondents, the lowest portion in seven years, anticipate higher prices by July for either raw materials or finished goods.

In summary, area manufacturers report a minor pickup in January, and expect more serious improvement by midyear. Inflation is down, and is expected to stay down over the near term.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS January 1983

#### INDICATOR

| January<br>vs.<br>December |              |          | Six Months from Now<br>vs.<br>January |              |          |
|----------------------------|--------------|----------|---------------------------------------|--------------|----------|
| Decrease                   | No<br>Change | Increase | Decrease                              | No<br>Change | Increase |

#### GENERAL BUSINESS CONDITIONS

|  |      |      |      |     |     |      |
|--|------|------|------|-----|-----|------|
| What is your evaluation of the level of general business activity? | 19.4 | 53.2 | 25.8 | 3.2 | 8.1 | 87.1 |
|--|------|------|------|-----|-----|------|

#### COMPANY BUSINESS INDICATORS

|                           |      |      |      |      |      |      |
|---------------------------|------|------|------|------|------|------|
| New Orders                | 17.7 | 45.2 | 37.1 | 3.2  | 14.5 | 80.6 |
| Shipments                 | 17.7 | 48.4 | 30.6 | 4.8  | 17.7 | 72.6 |
| Unfilled Orders           | 24.2 | 56.5 | 12.9 | 6.5  | 41.9 | 43.5 |
| Delivery Time             | 4.8  | 87.1 | 3.2  | 4.8  | 75.8 | 12.9 |
| Inventories               | 29.0 | 56.5 | 12.9 | 21.0 | 45.2 | 30.6 |
| Prices Paid               | 6.5  | 87.1 | 4.8  | 6.5  | 37.1 | 53.2 |
| Prices Received           | 6.5  | 83.9 | 4.8  | 1.6  | 45.2 | 46.8 |
| Number of Employees       | 32.3 | 64.5 | 3.2  | 6.5  | 37.1 | 54.8 |
| Average Employee Workweek | 22.6 | 74.2 | 3.2  | 4.8  | 66.1 | 27.4 |
| Capital Expenditures      |      |      |      | 16.1 | 58.1 | 22.6 |

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