

# BUSINESS OUTLOOK



FEDERAL  
RESERVE  
BANK OF  
PHILADELPHIA  
Department of  
RESEARCH

SURVEY For:

June 1980

This Summary of Returns reports on the June 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.

Respondents to the June Business Outlook Survey indicate another significant decline in area manufacturing activity, extending the slump in the industrial sector to a full year. Both new orders and shipments are reported to be down substantially as producers backlogs continue to diminish. At the same time, however, inventory liquidation appears to have abated, at least temporarily. On the employment front, both payrolls and the average workweek have decreased, indicating a worsened employment situation.

As for the future, respondents to the survey forecast a significant upward swing in general business activity six months from now, with both new orders and shipments expected to pick up. Despite this optimism, manufacturers have no plans to add to inventories, and foresee little change in employment, the average workweek, or expenditures on plant and equipment.

Industrial prices have increased again in June as nearly 60 percent of the survey participants report paying more for inputs than they did in May and 40 percent report charging higher prices. Looking ahead to the balance of 1980, responding manufacturers expect inflation to continue. Over 80 percent of the respondents anticipate increases in raw material prices within the next six months and 70 percent plan price hikes for the goods they sell.

In summary, local industrial activity has continued to decline in June, but manufacturers are optimistic about future business conditions. Rising prices, however, are expected to continue with no foreseeable relief.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

June 1980

INDICATOR	June vs. May			Six Months from Now vs. June		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	63.6	24.2	12.1	24.2	24.2	48.5
COMPANY BUSINESS INDICATORS						
New Orders	63.6	21.2	15.2	21.2	24.2	54.5
Shipments	39.4	42.4	18.2	27.3	24.2	48.5
Unfilled Orders	57.6	30.3	9.1	24.2	45.5	27.3
Delivery Time	36.4	60.6	0.0	18.2	57.6	21.2
Inventories	27.3	48.5	24.2	21.2	57.6	21.2
Prices Paid	3.0	39.4	57.6	3.0	15.2	81.8
Prices Received	3.0	54.5	39.4	6.1	21.2	69.7
Number of Employees	33.3	60.6	6.1	24.2	54.5	21.2
Average Employee Workweek	45.5	48.5	0.0	21.2	54.5	21.2
Capital Expenditures				18.2	60.6	21.2

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