

**BUSINESS
OUTLOOK
SURVEY For:**



FEDERAL
RESERVE
BANK OF
PHILADELPHIA
Department of
RESEARCH

B. Gurnee

February 1981

This Summary of Returns reports on the February 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 February Business Outlook Survey say business has remained unchanged again this month, leaving the level of industrial activity just about where it was at year-end. Supporting the claims of continued stability, new orders and shipments are up only marginally from January, while inventories have held steady for the fourth consecutive month. On the employment front, the situation remains about the same as in January, with respondents reporting marginal cuts in payrolls but no change in working hours.

Looking ahead to the next six months, survey participants continue to be optimistic, projecting a widespread upswing in general industrial activity by August. New orders and shipments are both expected to take off over the next six months, and, as production picks up, manufacturers anticipate increasing their payrolls, lengthening the average workweek, and boosting expenditures on plant and equipment. Despite the anticipated boom, though, inventory liquidation is expected to resume, albeit marginally, by the end of summer.

Industrial prices are up again in February, according to the survey, as over half of the respondents report paying more for raw materials than they did a month ago and over one-third say they are charging higher prices for the goods they sell.

foresee increased input costs by midsummer, and 7 out of 10 plan price hikes for their finished products.

In summary, local industrial activity remains at about the same level as last month. Some improvement is anticipated by next August, with employment getting a boost in the process.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS
February 1981

INDICATOR	February vs. January			Six Months from Now vs. February		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	11.8	67.6	14.7	8.8	20.6	67.6
COMPANY BUSINESS INDICATORS						
New Orders	20.6	50.0	29.4	11.8	11.8	76.5
Shipments	14.7	61.8	23.5	8.8	23.5	67.6
Unfilled Orders	26.5	61.8	8.8	5.9	58.8	32.4
Delivery Time	17.6	70.6	8.8	8.8	67.6	20.6
Inventories	23.5	55.9	20.6	35.3	38.2	26.5
Prices Paid	2.9	38.2	58.8	0.0	20.6	79.4
Prices Received	5.9	52.9	41.2	2.9	26.5	70.6
Number of Employees	17.6	73.5	8.8	8.8	64.7	26.5
Average Employee Workweek	11.8	73.5	11.8	5.9	64.7	26.5
Capital Expenditures				17.6	41.2	35.3

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