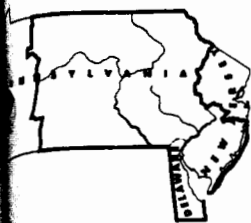


month in a  
ds, prices  
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turn over



# BUSINESS OUTLOOK SURVEY

DECEMBER 1982

Department of Research  
Federal Reserve Bank of Philadelphia

Area manufacturing activity has resumed its downward slide in December, according to respondents to the most recent Business Outlook Survey. Similar end-of-year declines have been observed in the past, however, and it appears that the slip is largely seasonal in nature. General activity, after adjusting for seasonal pressure, shows little change from November levels.

Manufacturers report widespread deterioration in most of the specific indicators this month, again, largely a seasonal result. Shipments are down at over one-third of area plants and new orders fared only slightly better. There has been further tightening of industrial stock levels, but there are some signs that inventory run-down at local factories has abated somewhat in December. Setbacks for labor, on the other hand, continue with no apparent moderation. Reports of reduced payrolls and shortened working hours are as prevalent now as they were last month.

Survey participants remain optimistic in their projections of industrial recovery over the next six months. In fact, local manufacturers' outlooks have brightened a little in December. Respondents are expecting a strong push in new orders that will rebuild backlogs and allow employers to expand both payrolls and the average workweek by June. Fractional additions to inventories are forecast as well. But, again, there are few plans being made to increase plant and equipment spending in the next six months.

om Now  
Increase

76.2

76.2  
73.0  
31.7  
14.3  
27.0  
68.3  
44.4  
41.3  
25.4  
15.9

Industrial prices show further softening in December. Prices of finished goods have been cut again and input costs have not changed from their November levels. Prices are expected to start climbing between now and June, coincident with the projected rebound in activity.

Overall, local industrial activity is off fractionally under some seasonal pressure in December. Participating manufacturers have improved their forecasts for the next six months, however.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS December 1982

INDICATOR	December vs. November			Six Months from Now vs. December		
	Decrease	No Change	Increase	Decrease	No Change	Increase

#### GENERAL BUSINESS CONDITIONS

What is your evaluation of the level of general business activity?	26.9	50.7	16.4	4.5	9.0	79.1
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#### COMPANY BUSINESS INDICATORS

New Orders	34.3	46.3	19.4	6.0	9.0	85.1
Shipments	38.8	49.3	7.5	3.0	17.9	76.1
Unfilled Orders	32.8	55.2	7.5	3.0	44.8	47.8
Delivery Time	16.4	76.1	3.0	0.0	80.6	14.9
Inventories	34.3	53.7	10.4	17.9	49.3	31.3
Prices Paid	10.4	79.1	10.4	1.5	37.3	61.2
Prices Received	16.4	76.1	4.5	3.0	49.3	44.8
Number of Employees	31.3	67.2	1.5	7.5	43.3	49.3
Average Employee Workweek	20.9	71.6	3.0	4.5	68.7	25.4
Capital Expenditures				17.9	50.7	28.4

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