

# BUSINESS OUTLOOK SURVEY

JUNE 1983

Department of Research  
Federal Reserve Bank of Philadelphia

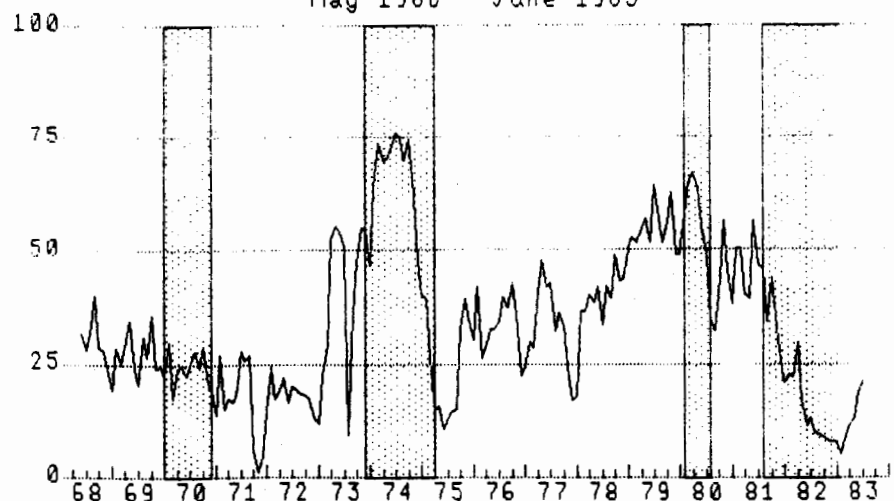
Manufacturers responding to the June Business Outlook Survey say local industrial activity has grown sharply again this month as the recovery in the manufacturing sector maintains its brisk pace. Overall business conditions have shown consistently widespread improvement since early in the year, with gains reported by at least 45 percent of survey respondents in each of the last five months. Area industry has not shown such sustained strength in well over five years, according to survey results.

Specific indicators reflect the overall strength in the industrial sector, for the most part. Both new orders and shipments have increased substantially in June. Employers, after holding the line last month, have resumed hiring additional workers and also report a marginal lengthening of the average workweek. Stock levels, however, have been reduced again.

General activity is expected to show further improvement over the next six months. Respondents predict that new orders will play the lead role by climbing considerably in the next two quarters. Gains in shipments will be less spectacular and producer backlogs are likely to increase as a result.

Manufacturers also project higher inventory levels by December and,

INDEX OF INDUSTRIAL PRICE INFLATION\*  
BUSINESS OUTLOOK SURVEY  
May 1968 - June 1983



\*Index represents the average of the percentage of respondents reporting an increase in prices paid and the percentage reporting an increase in prices received. Shaded areas denote recessions.

in order to step up production, they plan to bolster factory payrolls and to lengthen working hours over that time. In addition, increases in expenditures on plant and equipment are planned by nearly one third of participating businessmen.

Reports of industrial price hikes in June, though still not as widespread as in the late 1970s or early 1980s, are more prevalent than they have been in over a year (see graph). Whereas in early 1983 very few businessmen reported rising prices, one fourth say they are paying more for raw materials in June than they did in May, and one sixth report a boost in their own products' prices since last month. Survey results indicate that further increases are likely by the end of the year.

Overall, local manufacturing has continued its vigorous expansion in June and is expected to carry on at least through year-end. Industrial prices have risen a little more this month and more increases appear to be on the way.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

June 1983

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?	3.2	48.4	46.8	3.2	14.5	77.4
COMPANY BUSINESS INDICATORS						
New Orders	9.7	50.0	40.3	3.2	12.9	83.9
Shipments	8.1	45.2	45.2	4.8	17.7	75.8
Unfilled Orders	19.4	50.0	27.4	3.2	35.5	58.1
Delivery Time	3.2	82.3	11.3	3.2	62.9	30.6
Inventories	33.9	45.2	19.4	22.6	33.9	41.9
Prices Paid	1.6	69.4	27.4	1.6	17.7	79.0
Prices Received	4.8	79.0	16.1	1.6	40.3	58.1
Number of Employees	16.1	61.3	22.6	6.5	41.9	51.6
Average Employee Workweek	8.1	71.0	21.0	4.8	59.7	35.5
Capital Expenditures				4.8	50.0	35.5

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