



# BUSINESS OUTLOOK SURVEY

Department of Research  
Federal Reserve Bank of Philadelphia

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Area manufacturing activity appears to have slowed quite a bit this month, according to the most recent Business Outlook Survey, as the recession settles in in the Delaware Valley. About 45 percent of the manufacturers polled in November say industrial business conditions are worse than they were in October, while only about 10 percent report improvement. With these results in, November represents the largest one-month drop in general industrial activity in over a year. In specific terms, new orders have dropped significantly, for the first time in three months, with shipments down also, but to a lesser degree. Hence, backlogs continue to shrink at over 40 percent of the firms surveyed, and a commensurate cut in inventories is noted. On the labor scene, the situation appears to have worsened, as the largest percentage of respondents since April 1975 reports cuts in factory work forces, and about one-quarter of the survey participants report reductions in working hours.

Despite the sluggishness that has beset area industry this month, manufacturers remain optimistic, anticipating a general upswing in business within the next six months. Over one-half of the survey participants project climbing levels of new orders and shipments between now and May. Manufacturers are playing a close hand, however, and are planning cautiously. They are planning only marginal additions to payrolls and slightly longer working hours. Capital expenditures will be kept to a minimum also.

Some good, in the form of "inflation relief," may be coming from the slowdown noted this month. Industrial prices are up again in November, but at a smaller portion of participating firms than at any time since December 1977. Just over one-third of the respondents report paying higher input costs than they did in October, and only about one-tenth say they are charging more for their finished

products. Looking ahead, manufacturers expect inflation to rekindle, however, as over three-quarters of the survey respondents expect to be paying more for raw materials in May and nearly two-thirds plan to raise the prices of the goods they sell.

In summary, business activity in the manufacturing sector has dropped off quite sharply this month. Manufacturers are optimistic about the future, though, anticipating improvement by mid-1982.

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#### SUMMARY OF RETURNS

INDICATOR	November vs. October			Six Months from Now vs. November		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	46.3	38.8	11.9	9.0	22.4	64.2
COMPANY BUSINESS INDICATORS						
New Orders	44.8	43.3	11.9	11.9	22.4	62.7
Shipments	38.8	44.8	14.9	14.9	23.9	58.2
Unfilled Orders	46.3	47.8	3.0	11.9	50.7	32.8
Delivery Time	20.9	73.1	1.5	9.0	71.6	13.4
Inventories	43.3	38.8	14.9	26.9	43.3	25.4
Prices Paid	0.0	62.7	35.8	0.0	17.9	77.6
Prices Received	7.5	73.1	14.9	0.0	34.3	61.2
Number of Employees	43.3	52.2	4.5	17.9	50.7	29.9
Average Employee Workweek	29.9	64.2	3.0	14.9	61.2	22.4
Capital Expenditures				20.9	38.8	32.8

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