



BUSINESS OUTLOOK SURVEY
Summary of Returns
February 1976

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.

Economic activity in the Third District picked up in February. Twenty percent of the respondents to this month's survey of large manufacturing firms report a higher level of business activity while only 8 percent report declines. Last month, by comparison, 16 percent of the respondents reported increases but an equal proportion indicated declines. New orders show a healthy gain this month, and the level of inventories is unchanged for the first time since late '74.

There is little movement on the job front, however. Employment in manufacturing is fractionally below the January level, and the average workweek is unchanged. Prices are moving upward but the reported increases are not as widespread as they were last month. In the latest survey, for example, only one-third of the executives polled report higher prices for their supplies while close to one-half were experiencing increases last month. Similarly, 18 percent of the respondents indicate charging higher prices for the products they sell--down from 36 percent in January.

The outlook for the next six months is optimistic. Of the manufacturers polled, almost 9 out of 10 expect a higher level of business activity by August. A similar proportion anticipates an increase in new orders over the period, and more than one-third project net accumulation

of inventories. The workweek is expected to be longer, and one-half of those surveyed plan to add to their work forces over the next two quarters. At the same time, capital expenditures are likely to be up since almost 40 percent of the respondents are planning increases over the period.

According to area manufacturers, prices will be going up as well. Almost 90 percent of the respondents expect to be paying more for their supplies by August while 66 percent anticipate higher price tags for the products they sell.

To recap, the pace of recovery in the regional economy picked up this month, and manufacturers in the District look for continued expansion through the summer. Output and employment are expected to grow, but higher prices are anticipated as well.

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SUMMARY OF RETURNS February 1976

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?	8.0	72.0	20.0	2.0	12.0	86.0
COMPANY BUSINESS INDICATORS						
New Orders	8.0	68.0	24.0	2.0	12.0	84.0
Shipments	6.0	66.0	28.0	8.0	12.0	80.0
Unfilled Orders	24.0	58.0	16.0	8.0	44.0	46.0
Delivery Time	6.0	84.0	8.0	6.0	76.0	14.0
Inventories	24.0	52.0	24.0	20.0	42.0	36.0
Prices Paid	0.0	66.0	34.0	0.0	12.0	88.0
Prices Received	4.0	76.0	18.0	2.0	30.0	66.0
Number of Employees	16.0	74.0	10.0	6.0	44.0	50.0
Average Employee Workweek	14.0	72.0	14.0	6.0	62.0	30.0
Capital Expenditures				6.0	52.0	38.0

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