



This Summary of Returns reports on the November 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 region's manufacturing sector is expanding only fractionally and employment is down. Twenty-four percent of the executives surveyed indicate that business conditions are better this month while 16 percent report that they are worse. This "margin of improvement" is the lowest since February. In terms of specific indicators, new orders, shipments, and inventories are all reported to be unchanged from October's levels.

This weak growth in manufacturing is taking its toll on employment. Work forces at area firms have declined for the second month in a row and the average workweek is shorter for the first time since last December. The drop in employment opportunities appears to be concentrated in the durable goods industries--especially, in primary metals.

Despite this pause, area manufacturers see a better business climate down the road. Of the executives surveyed, 2 out of 3 anticipate a higher level of economic activity by May. While inventories are projected to be at current levels six months from now, increases are expected in new orders, shipments, and employment. At the same time, increased spending for plant and equipment is planned at 40 percent of the firms polled--about the same as last month.

On the price front, reports of higher prices for supplies as well as for finished products are less widespread than in October. Twenty-seven

percent of the businessmen in the current survey report paying more for their inputs and 18 percent report charging more for the products they sell. Last month, 48 percent were paying more for their supplies and 23 percent were charging more for their finished products. By May, 9 out of 10 expect to be facing higher costs and 7 out of 10 anticipate charging higher prices.

In short, the region's manufacturing sector is showing little growth, and fewer jobs are available than in October. However, over the next two quarters a pickup in business activity is anticipated and the current trend in employment is expected to be reversed.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS NOVEMBER 1976

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?	15.6	60.0	24.4	11.1	22.2	66.7
COMPANY BUSINESS INDICATORS						
New Orders	17.8	60.0	20.0	6.7	22.2	68.9
Shipments	17.8	60.0	22.2	6.7	24.4	68.9
Unfilled Orders	28.9	60.0	6.7	8.9	44.4	42.2
Delivery Time	20.0	73.3	2.2	8.9	62.2	24.4
Inventories	26.7	48.9	24.4	31.1	33.3	35.6
Prices Paid	4.4	68.9	26.7	0.0	6.7	93.3
Prices Received	8.9	71.1	17.8	2.2	24.4	71.1
Number of Employees	17.8	73.3	8.9	2.2	57.8	40.0
Average Employee Workweek	17.8	77.8	2.2	8.9	64.4	24.4
Capital Expenditures				2.2	51.1	40.0

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