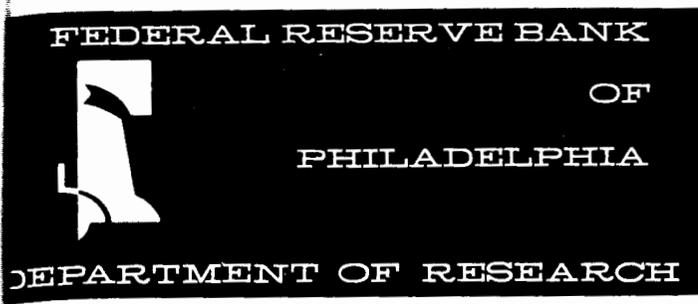


N. Sullivan



BUSINESS OUTLOOK SURVEY
Summary of Returns
January 1976

This Summary of Returns reports on the January 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 recovery in the region's manufacturing sector has slowed to a standstill. Only 16 percent of the executives responding to January's survey of large manufacturers in the Third Federal Reserve District report a higher level of business activity this month. At the same time, 14 percent indicate reduced activity and 68 percent report no change. Area manufacturers also note that new orders are basically unchanged from last month while inventories are lower. One out of every three businessmen surveyed reports fewer stocks on his shelves.

The recovery in the District economy is marking time in employment as well. Both employment and the length of the average workweek are about the same as in December. There is movement, however, on the price front with both inputs and outputs carrying higher price tags. About half of those surveyed report paying higher prices for supplies this month while a third are charging more for their finished products.

Despite the sluggishness in current activity, manufacturers remain optimistic for the next six months. Three-fourths of the businessmen polled look for an improved business climate by the nation's 200th birthday. New orders are expected to be higher and net accumulation of inventories is anticipated. Almost 4 out of 10 respondents project that work forces will expand while 1 out of 5 look for a longer workweek. In addition, one-third of the businessmen surveyed plan to increase their spending for plant and equipment.

On the inflation front, area manufacturers look for more of the same by July. Eighty-six percent expect to be paying more for supplies over the period while 59 percent anticipate charging more for the products they sell.

In short, the current picture in area manufacturing is one of sluggishness. This is expected to give way, however, to expansion in output and employment by July, along with additional increases in prices.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS JANUARY 1976

INDICATOR	January vs. December			Six Months from Now vs. January		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	13.6	68.2	15.9	6.8	13.6	77.3
COMPANY BUSINESS INDICATORS						
New Orders	18.2	59.1	22.7	4.5	18.2	75.0
Shipments	13.6	56.8	27.3	6.8	25.0	65.9
Unfilled Orders	20.5	59.1	18.2	6.8	50.0	40.9
Delivery Time	13.6	77.3	6.8	9.1	72.7	15.9
Inventories	34.1	47.7	18.2	20.5	40.9	38.6
Prices Paid	2.3	50.0	47.7	0.0	13.6	86.4
Prices Received	4.5	59.1	36.4	0.0	40.9	59.1
Number of Employees	11.4	75.0	13.6	4.5	56.8	38.6
Average Employee Workweek	6.8	81.8	9.1	4.5	75.0	18.2
Capital Expenditures				6.8	56.8	34.1

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