

FEDERAL RESERVE BANK

OF

PHILADELPHIA

BUSINESS OUTLOOK SURVEY  
Summary of Returns  
June 1977

This Summary of Returns reports on the June 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 continues to expand. Forty-two percent of the respondents to the June Business Outlook Survey say that general business conditions are better than last month. This is similar to the proportion reporting gains in the previous survey.

Increases in new orders are reported by 32 percent of the respondents and 42 percent indicate higher levels of shipments. Last month, increases in each of these categories were reported at 40 percent of the firms surveyed. At the same time, additional gains in employment are indicated. Increases in work forces are reported at 22 percent of the firms polled, while 15 percent say they are lengthening the average workweek. In general, improvements in the job picture are not as widespread as in May. One major barometer showing no increase in the current survey is inventories, which are unchanged after growing fractionally last month.

For the longer term, manufacturers continue to be optimistic. Seventy-one percent of those polled look for additional expansion over the next six months. Increases in new orders and shipments are projected and a buildup of inventories is anticipated as well. Moreover, employment and working hours are expected to increase, although the proportion of respondents planning a longer workweek six months out is down from last month. Higher expenditures for plant and equipment are projected at one-third of the firms sampled. This is down somewhat from the previous sur-

vey and is the lowest proportion since last summer.

Prices in the industrial sector continue to climb, but increases are no more widespread than in May. Fifty-six percent of the respondents say they are paying more for supplies, while 29 percent report receiving higher prices for their finished products. By December, 8 out of 10 expect to be paying more for their inputs, and 7 out of 10 foresee higher prices for the products they sell. In general, the proportion of respondents anticipating further increases in prices is down somewhat from last month.

In summary, economic activity in the region's manufacturing sector continues to grow. Over the next two quarters, additional expansion is projected along with further increases in prices.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS JUNE 1977

INDICATOR	June vs. May			Six Months from Now vs. June		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	7.3	51.2	41.5	2.4	26.8	70.7
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	9.8	56.1	31.7	7.3	19.5	70.7
Shipments	12.2	43.9	41.5	2.4	31.7	63.4
Unfilled Orders	22.0	56.1	14.6	4.9	53.7	36.6
Delivery Time	7.3	85.4	2.4	7.3	68.3	19.5
Inventories	26.8	41.5	31.7	14.6	53.7	31.7
Prices Paid	0.0	43.9	56.1	0.0	17.1	82.9
Prices Received	2.4	65.9	29.3	2.4	24.4	70.7
Number of Employees	9.8	68.3	22.0	2.4	58.5	36.6
Average Employee Workweek	7.3	78.0	14.6	4.9	73.2	19.5
Capital Expenditures				4.9	58.5	31.7

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