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# BUSINESS OUTLOOK



FEDERAL  
RESERVE  
BANK OF  
PHILADELPHIA  
Department of  
RESEARCH

SURVEY For: March 1978

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This Summary of Returns reports on the March 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.

Area executives responding to the March Business Outlook Survey indicate business activity is picking up again after a four month lull. Significant gains are noted in new orders and shipments, but little improvement is seen on the employment front. Only a small boost in manufacturing payrolls is indicated, along with a fractional lengthening of the workweek.

Despite this reported upturn in business activity though, respondents continue to become less optimistic about economic conditions six months out. In the current Survey, the bulls outnumber the bears by only 3 to 1--the lowest this ratio has been in over three years. (At the trough of the last recession it was 2 to 1.) At the same time, local manufacturers project less improvement on the jobs scene than they have in the recent past. Only 28 percent of the respondents to the March Survey plan to increase work forces at their firms over the next six months--down from 40 percent last month. Capital spending plans, however, are still reported to be strong. About 40 percent of the respondents this month say they plan to increase plant and equipment expenditures over the next two quarters. This proportion has remained essentially unchanged for seven months.

Price increases in the industrial sector are no more widespread than they were last month. About half of those surveyed report paying higher

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prices for raw materials, and one-third say they're getting more for the goods they sell. As for the future, about 80 percent of those surveyed anticipate price hikes on inputs within six months, while almost 70 percent expect to charge more for their finished products.

In short, local manufacturing activity got a boost in March. For the longer term, manufacturers foresee some expansion, along with higher prices, but continue to become less bullish.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS MARCH 1978

INDICATOR	March vs. February			Six Months from Now vs. March		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	8.3	61.1	27.8	13.9	38.9	44.4
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	8.3	58.3	33.3	13.9	36.1	50.0
Shipments	8.3	50.0	41.7	11.1	44.4	44.4
Unfilled Orders	16.7	63.9	16.7	22.2	52.8	22.2
Delivery Time	2.8	91.7	2.8	8.3	77.8	11.1
Inventories	22.2	52.8	25.0	25.0	41.7	33.3
Prices Paid	0.0	52.8	47.2	5.6	11.1	83.3
Prices Received	0.0	63.9	33.3	0.0	27.8	66.7
Number of Employees	2.8	86.1	11.1	11.1	61.1	27.8
Average Employee Workweek	5.6	69.4	19.4	11.1	69.4	16.7
Capital Expenditures				5.6	50.0	38.9

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