

# BUSINESS OUTLOOK



FEDERAL  
RESERVE  
BANK OF  
PHILADELPHIA  
Department of  
RESEARCH

SURVEY For: August 1978

This Summary of Returns reports on the August 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.

Manufacturers responding to the August Business Outlook Survey say expansion has resumed after last month's seasonal slowdown. New orders and shipments are up in August, while inventories are down somewhat. On the employment front, factory work forces have grown and the average work-week has lengthened since July.

Looking ahead to the next six months, responding manufacturers project only fractional improvement in the business climate. Consequently, the growth in new orders and shipments is expected to slow, and inventories should grow only marginally. This expected slowing in economic activity could impact job opportunities for Delaware Valley workers. For the second consecutive month Survey respondents have projected no increase in factory work forces between now and early 1979.

Inflation continues in the local industrial sector in August. About half of the respondents report paying more for raw materials this month, and about one-fourth say they are charging more for the goods they sell. For the longer term, price hikes are expected to become more prevalent, with 4 out of 5 of those surveyed forecasting higher prices for inputs over the next six months and 2 out of 3 planning to raise the prices for their finished products.

In summary, the local manufacturing sector continues to expand in August. For the longer term, area executives foresee a slowing in activity over the next six months combined with continuing inflation.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS AUGUST 1978

INDICATOR	August vs. July			Six Months from Now vs. August		
	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	52.8	38.9	16.7	55.6	27.8
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	5.6	63.9	30.6	16.7	47.2	33.3
Shipments	8.3	50.0	41.7	22.2	36.1	38.9
Unfilled Orders	11.1	58.3	27.8	27.8	52.8	16.7
Delivery Time	5.6	69.4	22.2	16.7	69.4	11.1
Inventories	25.0	61.1	13.9	16.7	58.3	25.0
Prices Paid	0.0	47.2	52.8	0.0	19.4	80.6
Prices Received	0.0	72.2	25.0	0.0	30.6	66.7
Number of Employees	2.8	72.2	19.4	19.4	55.6	22.2
Average Employee Workweek	2.8	80.6	13.9	13.9	72.2	11.1
Capital Expenditures				16.7	63.9	16.7

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