

# BUSINESS OUTLOOK



FEDERAL  
RESERVE  
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Department of  
RESEARCH

SURVEY For: January 1979

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 activity in the local industrial sector is slow in January, according to respondents to this month's Business Outlook Survey. The executives polled indicate that business conditions did not rebound from their relatively low December levels. In terms of specific indicators, survey respondents report new orders to be unchanged from last month's levels while shipments are up substantially. Consequently, inventories have fallen in the past few weeks. The slow pace of production is reflected in the "no change" status of both factory payrolls and average workweek for the third month in a row.

Looking ahead to the next six months, responding manufacturers' confidence about the strength of the economy continues to diminish. Better than two-thirds of the Survey participants are anticipating either a further slowdown in business activity or, at best, a continuation of the present situation. A decrease in new orders is projected as well as marginal declines in shipments and inventories. Executives surveyed still hope to maintain factory payrolls at their current level while shortening the length of the workweek. On a more optimistic note, Survey participants continue to forecast an increase in capital expenditures during the first half of 1979.

On the inflation front, prices continue to rise in the region's industrial sector. Nearly three quarters of those surveyed report paying higher prices for raw materials this month, while one-third are charging more for their finished products. For the

longer term, 90 percent of the respondents look for further increases in the cost of inputs and 75 percent plan to raise the prices of the goods they sell.

In summary, economic activity in the local manufacturing sector is sluggish in January. Further slowing in the area economy along with continuing inflation is the outlook over the next six months.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS January 1979

INDICATOR	January vs. December			Six Months from Now vs. January		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	15.6	62.5	18.8	43.8	25.0	25.0
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	25.0	50.0	25.0	50.0	18.8	31.3
Shipments	9.4	50.0	40.6	40.6	28.1	31.3
Unfilled Orders	25.0	53.1	18.8	43.8	40.6	12.5
Delivery Time	9.4	81.3	6.3	25.0	68.8	3.1
Inventories	37.5	46.9	15.6	34.4	43.8	21.9
Prices Paid	0.0	25.0	71.9	0.0	6.3	90.6
Prices Received	0.0	65.6	31.3	0.0	21.9	75.0
Number of Employees	3.1	81.3	15.6	21.9	59.4	18.8
Average Employee Workweek	9.4	71.9	12.5	21.9	65.6	6.3
Capital Expenditures				3.1	71.9	21.9

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