

**BUSINESS  
OUTLOOK  
SURVEY For:**



FEDERAL  
RESERVE  
BANK OF  
PHILADELPHIA  
Department of  
RESEARCH

*W. Turnbull*

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This Summary of Returns reports on the February 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.

Business activity in the local industrial sector is down marginally from last month, according to respondents to the February Business Outlook Survey. This is the third consecutive month in which economic conditions have failed to improve for area manufacturers. In terms of specific indicators, survey respondents say new orders are unchanged while shipments are up. And, as has been the case for the past several months, inventories have been cut significantly. On the jobs scene, factory payrolls are still holding at their October levels while the workweek has been trimmed just slightly.

As for the future, responding manufacturers look for little change in business conditions through midsummer. Both new orders and shipments are expected to pick up somewhat over the next six months. At the same time, inventories are projected to remain unchanged. This outlook could be good news for Delaware Valley workers, as survey participants forecast slight growth in industrial employment between now and August. However, they also report plans to cut the workweek further.

Inflation continues in the area manufacturing sector, with price hikes more widespread in the last few months than they have been thus far in this recovery. In the current survey, about two-thirds of the executives polled say they're paying more for inputs in February, while one-third have raised the prices of the goods they sell. For the longer term continuing inflation is expected. About 80 percent of the respondents

anticipate further increases in the cost of raw materials and 70 percent plan to charge more for their finished products.

In short, manufacturing activity has slipped marginally in February. Looking ahead six months, responding executives foresee little improvement in business and continuing inflation.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS FEBRUARY 1979

INDICATOR	February vs. January			Six Months from Now vs. February		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	20.6	64.7	14.7	29.4	41.2	29.4
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	20.6	61.8	17.6	26.5	35.3	38.2
Shipments	14.7	55.9	29.4	20.6	47.1	32.4
Unfilled Orders	17.6	64.7	14.7	17.6	55.9	23.5
Delivery Time	8.8	85.3	2.9	14.7	70.6	11.8
Inventories	32.4	50.0	14.7	26.5	52.9	20.6
Prices Paid	0.0	32.4	67.6	0.0	17.6	82.4
Prices Received	0.0	61.8	35.3	0.0	26.5	70.6
Number of Employees	5.9	88.2	2.9	8.8	70.6	17.6
Average Employee Workweek	5.9	91.2	0.0	11.8	79.4	2.9
Capital Expenditures				11.8	58.8	26.5

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