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BUSINESS OUTLOOK



FEDERAL
RESERVE
BANK OF
PHILADELPHIA
Department of
RESEARCH

SURVEY For: March 1979

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.

The local industrial sector is finishing the first quarter of 1979 on a good note, according to respondents to this month's Business Outlook Survey. Manufacturing executives responding to this month's survey report resumed expansion at a moderate pace in local industry after a three month "growth slowdown." Looking to specific indicators, both new orders and shipments are higher in March, while inventory depletion continues. At the same time, the pickup has given a boost to local industrial employment. Survey respondents report larger factory payrolls this month, as well as a longer workweek.

Despite the sudden burst of activity though, manufacturers still see only bleak prospects for the next six months. Of the businessmen polled in March, less than one-fourth anticipate continued expansion through the summer. New orders are projected to drop between now and September, while shipments are expected to hold at their current levels. Minimal inventory building is planned, along with a mild increase in plant and equipment expenditures. As for the employment outlook, responding manufacturers expect to increase the size of their work forces over the spring and summer, but at the same time, trim the length of the workweek.

On the price front, inflation continues in the local industrial sector. Two out of three of the executives surveyed report higher prices for raw materials in March,

while two out of five say they've raised the prices of the goods they sell. Looking ahead six months, about 85 percent of responding manufacturers anticipate further hikes in the cost of inputs, and 75 percent plan to charge more for their finished products.

In short, local manufacturers are presently enjoying resumed growth. As for the future though, survey respondents look for reduced activity along with higher prices.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS March 1979

INDICATOR	March vs. February			Six Months from Now vs. March		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	7.9	63.2	26.3	42.1	31.6	23.7
COMPANY BUSINESS INDICATORS						
New Orders	18.4	50.0	31.6	42.1	31.6	26.3
Shipments	5.3	57.9	36.8	28.9	39.5	31.6
Unfilled Orders	21.1	60.5	15.8	34.2	47.4	15.8
Delivery Time	7.9	84.2	5.3	26.3	68.4	2.6
Inventories	34.2	55.3	10.5	21.1	50.0	28.9
Prices Paid	0.0	31.6	65.8	0.0	15.8	84.2
Prices Received	0.0	55.3	42.1	2.6	21.1	73.7
Number of Employees	5.3	73.7	21.1	15.8	55.3	28.9
Average Employee Workweek	2.6	76.3	18.4	23.7	71.1	2.6
Capital Expenditures				10.5	63.2	21.1

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