

18 *Leunhull*

BUSINESS OUTLOOK



FEDERAL
RESERVE
BANK OF
PHILADELPHIA
Department of
RESEARCH

SURVEY For: April 1980

This Summary of Returns reports on the April 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 April Business Outlook Survey report another significant drop in industrial activity this month after March's temporary halt in the ten-month-old downswing. New orders have taken a sharp dip, for example, though shipments are down only fractionally. Consequently, producers' backlogs continue to shrink, as they have done consistently since last June. Inventory trimming appears to have resumed as well. Nevertheless, factory payrolls are holding steady in April, and only a marginal cut in working hours is observed overall.

For the longer term, survey respondents are, for the most part, sticking with their six-month forecasts of the past two surveys. Little change in general business conditions between now and October is anticipated, with new orders at about their current level and shipments up fractionally. Delivery time should, therefore, get shorter. To be on the safe side, though, manufacturers polled are planning further inventory liquidation, along with a small cutback in employment and shorter working hours. Capital spending, on the other hand, is projected to be somewhat higher in six months than it is now.

On the inflation front, industrial prices are taking another jump in April, with input costs up at about three-fourths of the plants surveyed and finished goods prices higher at about half. No relief from inflation in the coming months is anticipated, as nearly 90 percent of the responding manufacturers expect to be paying more for raw materials by October, and about 70 percent are planning price hikes for the goods they sell.

In short, the downturn in local industry seems to have resumed in April after taking a breather in March. Looking ahead, businessmen aren't expecting their situations to be any worse by fall, but don't see any improvement in inflation either.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS April 1980

INDICATOR	April vs. March			Six Months from Now vs. April		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	38.2	52.9	8.8	29.4	41.2	26.5
COMPANY BUSINESS INDICATORS						
New Orders	35.3	52.9	11.8	35.3	29.4	35.3
Shipments	29.4	50.0	20.6	32.4	26.5	41.2
Unfilled Orders	29.4	58.8	8.8	35.3	52.9	8.8
Delivery Time	11.8	73.5	11.8	17.6	70.6	8.8
Inventories	35.3	47.1	17.6	35.3	47.1	17.6
Prices Paid	2.9	17.6	76.5	2.9	8.8	88.2
Prices Received	0.0	47.1	50.0	2.9	23.5	70.6
Number of Employees	5.9	88.2	5.9	23.5	61.8	14.7
Average Employee Workweek	11.8	82.4	5.9	29.4	67.6	2.9
Capital Expenditures				8.8	64.7	20.6

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