

B. Turab

# BUSINESS OUTLOOK SURVEY For:



FEDERAL  
RESERVE  
BANK OF  
PHILADELPHIA  
Department of  
RESEARCH

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APRIL 1981

This Summary of Returns reports on the April response 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 very little change in local industrial activity this month, continuing a trend that had started in January. In specific terms, new order levels are about where they were last month and inventories have held steady again for the sixth consecutive month. Shipments, following two months of expansion, are slightly off in April. On the employment front, the situation remains about the same as last month with no real changes in payrolls or the average workweek reported.

As for the future, survey respondents are predicting a widespread pick-up in overall industrial activity within the next six months. New orders and shipments are expected to take off between now and October, and, as production picks up, manufacturers plan to make at least small additions to inventories. The step-up in manufacturing activity may prove beneficial to labor, as respondents plan to increase factory employment while lengthening the average workweek as well. Increased capital outlays are also projected at about 1 out of 3 of the firms polled.

Industrial prices are up again in April, according to the survey, as about one half of the participants report paying more for raw materials than they did a month ago and one-quarter say they are charging higher prices for their finished products. Area manufacturers expect inflation to continue over the next six months as nearly 9 out of 10

respondents anticipate higher input costs and over 8 out of 10 plan price hikes for the goods they sell.

In short, business activity in the manufacturing sector has remained at virtually the same level as last month. The future looks brighter, though, as manufacturers anticipate an upswing within six months, with employment getting a boost in the process.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS April 1981

INDICATOR	April vs. March			Six Months from Now vs. April		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	18.8	53.1	28.1	9.4	9.4	78.1
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	18.8	65.6	15.6	12.5	9.4	78.1
Shipments	25.0	62.5	12.5	9.4	18.8	71.9
Unfilled Orders	25.0	62.5	9.4	12.5	50.0	34.4
Delivery Time	15.6	75.0	6.3	12.5	65.6	18.8
Inventories	34.4	31.3	34.4	21.9	43.8	31.3
Prices Paid	6.3	40.6	53.1	0.0	12.5	87.5
Prices Received	9.4	62.5	25.0	0.0	12.5	84.4
Number of Employees	15.6	68.8	15.6	9.4	62.5	28.1
Average Employee Workweek	12.5	75.0	12.5	6.3	62.5	31.3
Capital Expenditures				12.5	50.0	34.4

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