

BUSINESS OUTLOOK SURVEY

MARCH 1983

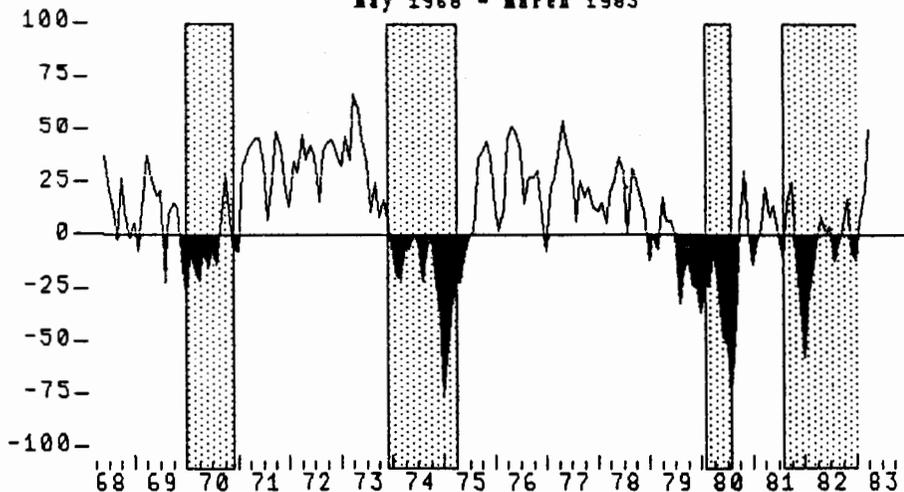
Department of Research
Federal Reserve Bank of Philadelphia

Manufacturers responding to the March Business Outlook Survey say local industrial activity climbed sharply this month. Increases in activity were reported by more respondents than at any time since early 1977 (see graph). A robust recovery for local industry finally seems to be taking hold. Survey results have indicated overall improvement for three straight months now; such consistent growth has not been evident in the survey for nearly two years.

Specific indicators reveal the strength in this month's gains. New orders and shipments zoomed upward, halting the deterioration of producer backlogs and slowing inventory decumulation. Employee ranks held steady in March, the first month since September 1981 that payrolls have not been cut. The length of the average workweek remained unchanged, as well.

Manufacturing activity is widely expected to pick up steam over the next six months, pushing the present expansion further along. Area businessmen predict that new orders will continue to soar between now and September causing a widespread buildup in unfilled orders. In addition, respondents say that by early fall, stock levels should have turned the corner and begun growing.

INDEX OF CURRENT MANUFACTURING ACTIVITY *
BUSINESS OUTLOOK SURVEY
May 1968 - March 1983



*Index represents the percentage of respondents reporting an increase in activity from the previous month minus the percentage reporting a decrease in activity. Shaded areas denote recessions.

Plans for stepped-up production include enlarging payrolls, extending working hours and, reflecting renewed confidence, increasing capital expenditures.

Industrial prices are mixed in March. Prices received for final products have held steady against this month, but, after four months of stability, the cost of inputs has crept upward. A return to high price inflation as business improves is projected, but not to the levels observed in the late 70s.

Overall, local manufacturing activity is improving dramatically in March, as the industrial sector finally shows signs of a healthy upturn. Manufacturers are highly optimistic about even more gains by September.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

March 1983

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?	1.5	45.5	51.5	0.0	16.7	81.8
COMPANY BUSINESS INDICATORS						
New Orders	6.1	47.0	47.0	0.0	21.2	78.8
Shipments	6.1	45.5	45.5	3.0	22.7	69.7
Unfilled Orders	15.2	60.6	19.7	3.0	37.9	54.5
Delivery Time	3.0	86.4	6.1	3.0	72.7	19.7
Inventories	31.8	48.5	18.2	21.2	36.4	40.9
Prices Paid	4.5	80.3	13.6	4.5	31.8	62.1
Prices Received	6.1	80.3	9.1	0.0	51.5	43.9
Number of Employees	12.1	71.2	16.7	4.5	45.5	50.0
Average Employee Workweek	9.1	80.3	9.1	3.0	59.1	34.8
Capital Expenditures				3.0	65.2	24.2

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