

February 1970

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.

The slump in business activity is continuing. The latest Business Outlook Survey shows that most manufacturers in the Third Federal Reserve District are experiencing either no change or actual declines in new orders, sales, and order backlogs. And as sales fall short of expectations, some accumulation of inventories also is underway.

Looking beyond the immediate period, however, regional manufacturers are increasingly optimistic for later in the year. More than three out of five reporting businessmen now believe that the economy will be expanding six months from now. This bullishness is in sharp contrast to the general mood of pessimism for the longer-term which prevailed only a few months ago.

Underlying this marked change in business sentiment is what executives foresee happening in their own firms. The table below compares the percentage of respondents expecting an increase in new orders, shipments, and unfilled orders six months ahead for August, 1969, and February, 1970.

	<u>August</u>	<u>February</u>	<u>Change</u>
New orders	28.3	55.8	+27.5
Shipments	32.1	59.6	+27.5
Unfilled orders	15.1	30.8	+15.7

The table shows a near doubling in the percentage of businessmen with

rising expectations for these key company indicators since last August.

On the price front, regional manufacturers anticipate continuing inflation. Nearly 60 per cent -- about the same as a year ago -- say that prices paid will be higher a half year from now.

In short, the economic outlook from the executive suite is that the current business slowdown will be shortlived, that the economy will be expanding again soon, and that inflation will continue to plague prosperity in 1970 as it has for the last five years.

BUSINESS OUTLOOK SURVEY

SUMMARY TABLE OF RETURNS

February 1970

INDICATOR	January vs. December			February vs. January			March vs. February			Six Months From Now vs. February		
	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS												
What is your evaluation of the level of general business activity?	48.1	48.1	3.8	26.9	63.5	9.6	9.6	61.5	28.8	13.5	23.1	63.5
SPECIAL BUSINESS INDICATORS												
Orders	32.7	42.3	25.0	19.2	53.8	26.9	7.7	51.9	40.4	19.2	25.0	55.8
Shipments	26.9	44.2	28.8	13.5	67.3	19.2	1.9	51.9	46.2	11.5	28.8	59.6
Unfilled Orders	21.2	53.8	21.2	17.3	65.4	13.5	11.5	73.1	11.5	17.3	48.1	30.8
Delivery Time	5.8	86.5	3.8	7.7	84.6	3.8	1.9	88.5	5.8	5.8	78.8	11.5
Inventories	19.2	46.2	34.6	23.1	42.3	34.6	23.1	63.5	13.5	21.2	48.1	30.8
Prices Paid	0.0	51.9	46.2	0.0	71.2	26.9	0.0	67.3	30.8	1.9	36.5	59.6
Prices Received	0.0	78.8	19.2	3.8	86.5	7.7	1.9	78.8	17.3	5.8	48.1	44.2
Number of Employees	13.5	76.9	7.7	7.7	80.8	9.6	3.8	80.8	13.5	3.8	67.3	26.9
Average Employee Wage per Week	5.8	86.5	5.8	5.8	88.5	3.8	7.7	90.4	0.0	7.7	78.8	11.5
Capital Expenditures										17.3	51.9	25.0

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