



BUSINESS OUTLOOK SURVEY  
Summary of Returns  
October 1970

This Summary of Returns reports on the October 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.

Area businessmen continue to expect a mild pickup in economic activity for the remainder of the year. The latest Business Outlook Survey shows that more than three out of four manufacturers polled in the Third Federal Reserve District are experiencing either no change or actual increases in sales and new orders during the month of October. And area executives polled foresee this modest upward trend in business activity continuing during the immediate months ahead.

However, because of the slowness of the current business recovery, area executives are reluctant to hire additional employees. This reluctance to add to payrolls reflects an attitude of caution by area firms as they adjust to a slower and more modest recovery than previously anticipated. Although this "no hire" policy will keep layoffs to a minimum, it still implies rising unemployment for the economy as a whole. The reason is that with an expanding pool of manpower because of increasing population, new jobs need to be created -- not just old ones maintained -- if the ranks of the unemployed are not to swell.

This cautious attitude towards business recovery is spilling over into capital spending plans, according to survey returns. Currently,

the number of firms planning a cutback in capital spending outlays six months hence exceeds the number planning a boost. These plans are probably reinforced by the existence of excess capacity in some area firms, as indicated by the relatively high percentage of firms experiencing declines in unfilled orders.

In short, area executives anticipate the mild recovery currently underway to gather force as 1971 approaches. However, both employment and capital spending plans are expected to suffer in the immediate months ahead because of the modest size and slowness of the economic recovery.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS

October 1970

INDICATOR	September vs. August			October vs. September			November vs. October			Six Months From Now vs. October		
	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>												
What is your evaluation of the level of general business activity?	22.9	54.2	22.9	18.8	56.3	25.0	12.5	56.3	31.3	6.3	22.9	70.8
<b>COMPANY BUSINESS INDICATORS</b>												
New Orders	29.2	41.7	27.1	16.7	43.8	37.5	18.8	54.2	25.0	8.3	25.0	62.5
Shipments	20.8	43.8	35.4	12.5	47.9	39.6	16.7	60.4	22.9	8.3	22.9	66.7
Unfilled Orders	27.1	58.3	10.4	25.0	56.3	14.6	16.7	77.1	2.1	8.3	41.7	45.8
Delivery Time	6.3	81.3	4.2	2.1	83.3	6.3	4.2	83.3	4.2	8.3	66.7	16.7
Inventories	22.9	60.4	14.6	35.4	43.8	18.8	25.0	62.5	10.4	18.8	47.9	31.3
Prices Paid	0.0	58.3	39.6	2.1	66.7	29.2	0.0	66.7	29.2	0.0	31.3	66.7
Prices Received	0.0	75.0	22.9	2.1	81.3	12.5	2.1	77.1	16.7	2.1	39.6	54.2
Number of Employees	18.8	66.7	12.5	14.6	79.2	4.2	8.3	87.5	2.1	4.2	72.9	20.8
Average Employee Workweek	8.3	77.1	12.5	12.5	83.3	2.1	8.3	83.3	4.2	4.2	72.9	18.8
Capital expenditures										25.0	37.5	22.9

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