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OF

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DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
June 1973

This Summary of Returns reports on the June 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 regional economy continues its upward climb according to area businessmen. The latest Business Outlook Survey of large manufacturers in the Third Federal Reserve District discloses much the same picture of the economy that was reported in May--businessmen expect most economic indicators to stay at their current high levels or to move even higher. More than 35 percent of the survey respondents report increased business activity in June and virtually none expect any general decline. And, while most responding businessmen are maintaining inventories at present levels, over 28 percent are increasing their stocks this month to cope with sales increases.

Looking further into the future, prospects for December are predominantly optimistic. Over 40 percent of the manufacturers surveyed expect even further improvement in the level of economic activity. Favorable sales outlooks seem to be the key to their continued enthusiasm for year end. Better than 4 out of 5 of the respondents predict that orders and shipments will surpass or at least maintain their present pace. Over 30 percent of the businessmen plan to adjust both payrolls and inventory upward accordingly.

Despite their buoyancy regarding production, District executives are still worried about the inflation problem. Over half report paying higher prices for raw materials this month compared to last month. But nearly 60 percent of those surveyed report that they are keeping their own prices steady. Responding businesses unanimously predict that no relief from inflation is in sight.

In short, manufacturers surveyed note a continuation of the business expansion in the local economy during June and foresee more of the same by year end. But no letup of inflationary pressure is expected.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

JUNE 1973

INDICATOR	June vs. May			Six Months From Now vs. June		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	2.4	59.5	35.7	16.7	38.1	42.9
COMPANY BUSINESS INDICATORS						
New Orders	7.1	54.8	35.7	14.3	35.7	47.6
Shipments	4.8	59.5	35.7	14.3	35.7	50.0
Unfilled Orders	9.5	54.8	31.0	26.2	47.6	21.4
Delivery Time	7.1	81.0	7.1	11.9	71.4	11.9
Inventories	11.9	59.5	28.6	16.7	52.4	31.0
Prices Paid	0.0	40.5	59.5	0.0	26.2	71.4
Prices Received	0.0	59.5	40.5	0.0	50.0	50.0
Number of Employees	4.8	73.8	21.4	4.8	64.3	31.0
Average Employee Workweek	4.8	78.6	14.3	7.1	76.2	14.3
Capital Expenditures				7.1	50.0	38.1

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