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OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

February 1974

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.

Area executives continue to see a slow pace for business activity in the region. The latest Business Outlook Survey of large manufacturing firms in the Third Federal Reserve District shows area manufacturing activity has remained at about the same level as last month. Over half the responding firms report no change in new orders, shipments, or unfilled orders from January. Because of this slowdown in economic activity, area executives are reluctant to hire additional employees. More than 3/4 of the respondents report "no change" in employment levels. While this "no hire" policy will keep layoffs to a minimum, it still implies rising unemployment for the region as a whole. The reason is that population increases mean an expanding pool of manpower, and new jobs need to be created - not just old ones maintained - if the ranks of the unemployment are not to swell.

Also the six-month outlook remains pessimistic. Half the businessmen contacted see the regional economy continuing its slowdown at least until August. And, this cautious attitude towards the regional economy is spilling over into capital spending plans, according to survey returns. Last month nearly half the respondents planned to increase investment in plant and equipment by late summer. However, this month less than one in three are planning to boost capital expenditures.

In addition, area businessmen see little relief on the inflation front for the regional economy. Eighty-eight percent of the respondents reported paying higher prices in February and nine out of ten expect a continuation of inflationary pressures for at least six months.

In short, area executives feel the regional economy is continuing its slowdown. And, both employment and capital spending are expected to suffer. Moreover they foresee inflation continuing to plague the area economy.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS

#### FEBRUARY

#### INDICATOR

February vs. January			Six Months From Now vs. February		
Decrease	No Change	Increase	Decrease	No Change	Increase

#### GENERAL BUSINESS CONDITIONS

What is your evaluation of the level of general business activity?	28.0	64.0	8.0	50.0	30.0	18.0
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#### COMPANY BUSINESS INDICATORS

New Orders	26.0	58.0	16.0	40.0	36.0	24.0
Shipments	14.0	52.0	30.0	26.0	46.0	24.0
Unfilled Orders	20.0	58.0	18.0	38.0	40.0	18.0
Delivery Time	6.0	74.0	16.0	28.0	54.0	14.0
Inventories	22.0	60.0	18.0	36.0	42.0	22.0
Prices Paid	0.0	12.0	88.0	0.0	10.0	90.0
Prices Received	0.0	40.0	60.0	0.0	22.0	78.0
Number of Employees	8.0	82.0	10.0	30.0	52.0	18.0
Average Employee Workweek	8.0	80.0	10.0	22.0	72.0	6.0
Capital Expenditures				12.0	52.0	28.0

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