

FEDERAL RESERVE BANK

OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

April 1974

This Summary of Returns reports on the April 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 report 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 that area manufacturing activity has remained at about the same level as last month. One half of the responding firms report no change in new orders, shipments, or unfilled orders from March. And, nine out of ten manufacturers report no change in the number of people they employ or the length of their average workweek.

Looking further ahead however, area businessmen are more bullish about the prospects for business. Nearly half the executives polled expect the general level of business activity to pick up in the next six months. And, almost one out of two respondents foresee an increase in new orders and shipments a half a year ahead.

In anticipation of the increased business tempo, plans for capital investment are more optimistic than they have been for many months. The figures below compare the number of executives who plan to boost expenditures on plant and equipment six months ahead for selected dates. The figures represent the percent of regional manufacturers who expect to increase their plans to invest in plant and equipment six months following the month in which they were surveyed.

	Month Surveyed		
	February	March	April
Expecting an increase in capital expenditures	28.0%	40.0%	46.8%

Although the level of investment in plant and equipment may be up by fall, area executives are still pessimistic about the outlook for inflation. Over eight out of ten manufacturers expect to pay more for raw materials by October and over three-fourths expect to receive higher prices for finished goods.

In short, area executives expect the regional economy to pick up in the next several months, and as a result, capital spending plans are on an upswing. But inflationary pressures will continue to harass the region well into fall.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS APRIL 1974

INDICATOR	April vs. March			Six Months from Now vs. April		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	14.9	72.3	8.5	14.9	34.0	46.8
COMPANY BUSINESS INDICATORS						
New Orders	17.0	72.3	8.5	25.5	29.8	40.4
Shipments	17.0	53.2	29.8	12.8	31.9	53.2
Unfilled Orders	21.3	59.6	17.0	31.9	44.7	17.0
Delivery Time	8.5	80.9	8.5	17.0	63.8	14.9
Inventories	19.1	48.9	31.9	29.8	48.9	19.1
Prices Paid	2.1	17.0	80.9	2.1	10.6	85.1
Prices Received	2.1	38.3	59.6	2.1	19.1	76.6
Number of Employees	2.1	89.4	8.5	4.3	68.1	25.5
Average Employee Workweek	0.0	89.4	8.5	2.1	87.2	8.5
Capital Expenditures				6.4	44.7	46.8

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