



This Summary of Returns reports on the July 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.

Business activity in the regional economy remains soft, according to area business executives. The latest Business Outlook Survey of manufacturers in the Third Federal Reserve District indicates new orders, shipments, and unfilled orders are almost unchanged from June's levels.

However, looking ahead six months, regional manufacturers are more optimistic about the outlook for the area economy. Nearly half of the businessmen polled see the general level of business activity picking up by January.

Despite expected increases in the January level of business activity, manufacturers express some renewed reluctance to maintain capital spending plans. The table shows the percentage of area executives who plan to boost expenditures on plant and equipment six months ahead for the latest three months.

	<u>Month Surveyed</u>		
	<u>May</u>	<u>June</u>	<u>July</u>
Expecting an increase in capital expenditures six months ahead	50.0%	40.0%	34.6%

As the table indicates, back in May half of the respondents were planning to increase capital expenditures half a year ahead. This month's survey shows only a third of those polled planning increased investment in plant and equipment six months ahead.

And, inflation continues to plague the region. Over 86 percent expect to pay more to their suppliers by January and seven out of ten expect to be charging more for their products.

In short, executives expect the area economy to pick up in the next several months, but capital spending plans will be soft. And, inflationary pressures will continue to be a sore spot in the Third District into January.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS JULY 1974

INDICATOR	July vs. June			Six Months from Now vs. July		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	26.9	67.3	5.8	17.3	36.5	46.2
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	30.8	57.7	9.6	23.1	28.8	46.2
Shipments	30.8	59.6	9.6	23.1	28.8	48.1
Unfilled Orders	26.9	61.5	7.7	32.7	42.3	19.2
Delivery Time	15.4	76.9	3.8	17.3	65.4	13.5
Inventories	28.8	42.3	28.8	34.6	34.6	28.8
Prices Paid	0.0	11.5	88.5	0.0	11.5	86.5
Prices Received	1.9	38.5	59.6	1.9	23.1	73.1
Number of Employees	15.4	67.3	17.3	21.2	55.8	21.2
Average Employee Workweek	13.5	75.0	9.6	17.3	67.3	11.5
Capital Expenditures				11.5	48.1	34.6

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