

FEDERAL RESERVE BANK

OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

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BUSINESS OUTLOOK SURVEY

Summary of Returns

August 1974

This Summary of Returns reports on the August 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 has been somewhat static during the last few weeks, but conditions are expected to improve by next year according to area executives. The latest Business Outlook Survey of large manufacturing firms in the Third Federal Reserve District indicates that nearly half of the respondents anticipate some improvement in business activity by the early part of 1975. These businessmen report increases over the past month in new orders and shipments but order backlogs are growing smaller.

The executives surveyed expect business to be heading upward by early next year. New orders should reach higher levels, and there will be additional investment in inventories. This upswing, however, is not expected to be strong enough to support expansion of the labor force or major new capital spending programs. There is little expectation among the respondents that the region's labor market will improve significantly. Most predict that the number of employees hired by their firms will not change and the average workweek will neither expand nor contract. Furthermore, there are continuing indications of a softening in capital expenditure plans. Barely one respondent in five expects to increase outlays for capital goods in the next six months.

Third District businessmen continue to be very pessimistic about the prospect of stable prices in the foreseeable future. Virtually no one reports either paying or receiving lower prices currently. Likewise, these

executives anticipate still more price hikes in the months to come.

In summary, the economy of the Third Federal Reserve District appears to be stable at present and is expected to be headed upward by early 1975. Employment opportunities are steady, but rising prices have become the norm.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS August 1974

INDICATOR	August vs. July			Six Months from Now vs. August		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	18.8	70.8	10.4	18.8	35.4	45.8
COMPANY BUSINESS INDICATORS						
New Orders	8.3	70.8	18.8	25.0	31.3	41.7
Shipments	8.3	60.4	31.3	18.8	35.4	45.8
Unfilled Orders	22.9	62.5	10.4	20.8	62.5	12.5
Delivery Time	6.3	83.3	6.3	10.4	77.1	8.3
Inventories	20.8	52.1	27.1	22.9	43.8	31.3
Prices Paid	0.0	25.0	75.0	0.0	14.6	85.4
Prices Received	2.1	33.3	64.6	4.2	22.9	72.9
Number of Employees	6.3	79.2	14.6	12.5	70.8	16.7
Average Employee Work week	10.4	83.3	4.2	10.4	81.3	6.3
Capital Expenditures				20.8	52.1	22.9

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