

FEDERAL RESERVE BANK
OF
PHILADELPHIA



Research Department

BUSINESS OUTLOOK SURVEY
Summary of Returns
August 1968

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.

Results of the August Business Outlook Survey indicate that manufacturing executives expect business activities in August and September to increase at a rate equal to that of July. This short-run outlook remains consistent with the opinion expressed last month.

Looking ahead six months, expectations are generally for rising business activities. This attitude, however, is not as strong as it has been in previous surveys. A sizeable number of respondents now foresee some future decrease in activity -- 1/3 vs. 1/5 last month. Correspondingly, those contemplating a rise in activity six months hence have dropped from 50 per cent to 40 per cent of total respondents. This change in opinion stems perhaps from failure to meet anticipated July levels of activity. The outlook for early 1969 therefore has become less buoyant in the minds of some respondents. At the same time however, manufacturers of durables appear to be somewhat more optimistic about a future increase than are non-durable producers. This is surprising because durables are normally more sensitive and usually react first to any change in business conditions.

The outlook for improved business held by both durable and non-durable manufacturers still emanates from anticipated gains in new orders and shipments. Expected growth in production continues to be reflected in expectation of sustained high levels of employment and hours of work. Businessmen likewise continue to foresee price increases, although the outlook for inflation later this year is not as strong as that expressed in previous months. This view is consistent with the attitude expressed regarding moderation in business activity later this year or early in 1969.

BUSINESS OUTLOOK SURVEY

SUMMARY TABLE OF RETURNS

August 1968

INDICATOR	July vs. June			August vs. July			September vs. August			Six Months From Now vs. August		
	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS												
What is your evaluation of the level of general business activity?	22	44	33	25	50	23	9	53	34	33	25	39
COMPANY BUSINESS INDICATORS												
New Orders	30	30	34	19	50	25	3	50	38	22	25	44
Shipments	39	27	34	20	34	45	3	44	48	31	22	47
Unfilled Orders	22	39	30	25	45	19	13	58	19	34	36	20
Delivery Time	14	72	11	14	70	13	13	73	9	20	63	13
Inventories	38	36	27	39	44	16	36	45	17	38	30	33
Prices Paid	0	63	34	2	45	50	0	55	41	3	28	66
Prices Received	3	70	27	2	69	30	0	78	20	8	42	50
Number of Employees	17	66	17	6	69	22	13	61	23	22	40	36
Average Employee Work Week	20	69	9	8	72	19	8	70	19	17	66	16
Capital Expenditures										19	43	31