

FEDERAL RESERVE BANK

OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

September 1970

This Summary of Returns reports on the September 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 slowdown in regional business activity appears to be coming to an end. The latest Business Outlook Survey shows that less than one out of ten manufacturers polled in the Third Federal Reserve District is experiencing actual declines in new orders and sales for September. More importantly, over forty per cent of the responding executives are registering increases in these key indicators, and foresee further jumps in October.

This new found optimism represents a marked change in business sentiment from just a few months back when regional manufacturers were quite bearish about the near-term outlook. Underlying this change in attitude is what businessmen foresee occurring in their own firms. The table compares the percentage of respondents expecting an increase in new orders and sales one month ahead in June and September, 1970. It

	June	September	Change
New orders	19.2	40.4	+21.2
Shipments	21.2	42.3	+21.1

shows that in June about one out of five area executives expected these important indicators to be rising one month ahead. Survey results for

September show that nearly twice as many executives now believe that new orders and shipments will be rising next month.

Businessmen are even more optimistic about the longer-run outlook according to survey returns. Approximately two out of three respondents expect general business activity to be higher six months from now.

The outlook for prices, however, remains inflationary. Nearly sixty per cent of the manufacturers canvassed expect prices to be higher a half a year from now, about unchanged from the trend of previous months. In short, area businessmen foresee a pickup in the regional economy during the coming months along with a continuation of inflationary pressures.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS September 1970

INDICATOR	August vs. July			September vs. August			October vs. September			Six Months From Now vs. September		
	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?	15.4	61.5	19.2	7.7	50.0	36.5	7.7	53.8	32.7	9.6	15.4	69.2
COMPANY BUSINESS INDICATORS												
New Orders	28.8	48.1	19.2	7.7	42.3	46.2	7.7	46.2	40.4	13.5	19.2	63.5
Shipments	25.0	46.2	26.9	9.6	46.2	42.3	11.5	42.3	42.3	13.5	25.0	59.6
Unfilled Orders	26.9	50.0	17.3	15.4	51.9	26.9	19.2	48.1	25.0	19.2	34.6	40.4
Delivery Time	5.8	82.7	5.8	1.9	86.5	5.8	3.8	78.8	9.6	11.5	69.2	13.5
Inventories	32.7	42.3	23.1	36.5	46.2	15.4	36.5	44.2	17.3	28.8	42.3	26.9
Prices Paid	5.8	63.5	26.9	1.9	57.7	36.5	0.0	67.3	26.9	3.8	32.7	59.6
Prices Received	3.8	75.0	17.3	0.0	75.0	21.2	0.0	80.8	13.5	1.9	48.1	46.2
Number of Employees	15.4	75.0	5.8	9.6	73.1	13.5	3.8	73.1	17.3	9.6	53.8	30.8
Average Employee per Week	15.4	73.1	5.8	1.9	75.0	17.3	3.8	75.0	13.5	3.8	75.0	15.4
Capital Expenditures										23.1	38.5	28.8

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