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BUSINESS OUTLOOK SURVEY
Summary of Returns
October 1972

This Summary of Returns reports on the October 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 is continuing to expand, according to area businessmen. The latest Business Outlook Survey of large manufacturers in the Third Federal Reserve District shows that several key indicators remain on an upward trend. In October, for example, three times as many firms are registering increases in new orders and sales as those reporting decreases. Four out of ten businessmen surveyed expect the overall level of business activity to be even higher in November than in October.

Area manufacturers are also bullish on the longer term outlook. Six out of ten respondents believe general business activity in the region will be higher by the second quarter of next year. Moreover, half of the executives polled predict sales and new orders in their own firms will be higher six months from now. As a result of the rising business trend, more than one-third of the firms canvassed plan to add employees to their payrolls during the next six months.

Although most businessmen are optimistic about orders and sales, they are apprehensive over the outlook for inflation. Nearly two-thirds of the respondents expect to be paying higher prices by early 1973 for their manufacturing inputs, while about a third forecast an increase in prices received for manufactured goods.

In short, area executives expect the business expansion, now approaching its two-year anniversary, to continue at least until the second quarter of 1973. They also foresee rising employment opportunities and continuing upward pressure on prices during the months ahead.

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INDICATOR	September vs. August			October vs. September			November vs. October			Six Months From Now vs. October		
	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?	10.5	44.7	44.7	7.9	36.8	52.6	7.9	44.7	42.1	7.9	23.7	63.2
COMPANY BUSINESS INDICATORS												
New Orders	26.3	34.2	39.5	13.2	36.8	44.7	10.5	50.0	34.2	18.4	26.3	50.0
Shipments	18.4	39.5	39.5	13.2	28.9	50.0	15.8	52.6	23.7	13.2	31.6	47.4
Unfilled Orders	21.1	47.4	26.3	18.4	52.6	18.4	13.2	63.2	13.2	13.2	47.4	28.9
Delivery Time	5.3	76.3	13.2	2.6	81.6	7.9	7.9	78.9	5.3	10.5	63.2	18.4
Inventories	15.8	44.7	36.8	21.1	42.1	31.6	15.8	57.9	21.1	15.8	42.1	36.8
Prices Paid	0.0	57.9	39.5	0.0	71.1	23.7	0.0	65.8	28.9	0.0	31.6	63.2
Prices Received	0.0	76.3	21.1	0.0	84.2	10.5	0.0	81.6	13.2	2.6	55.3	36.8
Number of Employees	5.3	65.8	28.9	5.3	78.9	10.5	7.9	81.6	5.3	7.9	50.0	34.2
Average Employee Workweek	0.0	76.3	18.4	2.6	73.7	15.8	5.3	84.2	2.6	7.9	63.2	21.1
Capital Expenditures										10.5	39.5	39.5

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