



This Summary of Returns reports on the May 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 area economy appears to be stabilizing after drifting downward during the first quarter of 1974. According to businessmen responding to this month's Business Outlook Survey of manufacturers in the Third Federal Reserve District, the level of general business activity is currently holding steady. Investment in inventory is also stable. And more than eight out of ten reporting firms indicate no change in the size of their work force or the number of hours worked during this past month.

Optimism continues to grow over the prospects for an improvement in the business climate during the next six months. In this month's survey, more than one-half of the responding executives felt that business would pick up by next November. Over the last three monthly surveys the proportion of respondents having a bullish outlook for the longer term has increased sharply. Area businessmen foresee higher levels of new orders

	<u>Month Surveyed</u>		
	<u>March</u>	<u>April</u>	<u>May</u>
Expecting an increase in general business activity during next six months	33.3%	46.8%	54.0%

and shipments, but delivery times and inventory levels are expected to remain steady. Capital spending plans six months hence are also being expanded. However, area executives hold little hope for a pickup in employment opportunities within the next half year.

Inflationary pressures in the regional economy are expected to continue. More than three out of four survey respondents forecast further price hikes, both from their suppliers and for the products they sell themselves.

On balance, area businessmen anticipate a gradual improvement in the regional economy during the months ahead. Manufacturing plans call for expansion of output and capital spending, but there are no plans for substantial increases in employment opportunities.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS MAY 1974

INDICATOR	May vs. April			Six Months from Now vs. May		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	16.0	68.0	16.0	14.0	32.0	54.0
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	20.0	56.0	22.0	18.0	28.0	52.0
Shipments	12.0	52.0	36.0	18.0	32.0	50.0
Unfilled Orders	24.0	62.0	10.0	18.0	48.0	30.0
Delivery Time	8.0	82.0	6.0	8.0	80.0	8.0
Inventories	28.0	44.0	28.0	30.0	48.0	22.0
Prices Paid	0.0	14.0	86.0	0.0	14.0	86.0
Prices Received	4.0	36.0	60.0	2.0	22.0	76.0
Number of Employees	10.0	82.0	8.0	14.0	72.0	14.0
Average Employee Workweek	6.0	86.0	4.0	6.0	86.0	6.0
Capital Expenditures				8.0	40.0	50.0

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