



BUSINESS OUTLOOK SURVEY
Summary of Returns
February 1975

This Summary of Returns reports on the February 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 slow down in February, according to area executives. Over 40 percent of the executives responding to this month's survey of large manufacturers in the Third Federal Reserve District report a decline in the general level of business activity in the region. And, area businessmen are also experiencing this same trend in their own firms. Over 37 percent of the manufacturers polled report decreases in new orders in February, and over 46 percent report declines in unfilled orders. As a consequence of this continued slowdown in the area economy, employment levels are also suffering. A third of the businessmen report a decrease in the number of employees and the length of the average work-week in February.

However, survey respondents are becoming increasingly bullish for the outlook by August. The table shows the percentage of respondents expecting an increase in the general level of business activity six months out as of the last three months surveyed. And in their own firms, well over half

	<u>Month Surveyed</u>		
	<u>December</u>	<u>January</u>	<u>February</u>
Expecting an increase in the general level of business activity six months ahead	38.5%	44.9%	53.6%

of the businessmen expect new orders and shipments to pick up in the next two quarters. However, despite any upturn, the majority of the respondents expect employment opportunities to remain about the same. This will likely mean additional unemployment in the region as the labor force continues to grow.

Although business prospects may pick up by August, inflationary problems will likely continue to plague the area. Well over half of the respondents expect to be paying higher prices for raw materials six months out.

In sum, the regional economy continues to slow in February. New orders and shipments are declining and employment levels are continuing to suffer. However, area manufacturers are increasingly optimistic for the longer term outlook, despite the prospects for continued inflationary pressures.

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SUMMARY OF RETURNS

INDICATOR	February vs. January			Six Months from Now vs. February		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	41.1	51.8	7.1	12.5	33.9	53.6
COMPANY BUSINESS INDICATORS						
New Orders	37.5	44.6	16.1	14.3	28.6	55.4
Shipments	28.6	48.2	23.2	10.7	33.9	55.4
Unfilled Orders	46.4	41.1	10.7	17.9	44.6	33.9
Delivery Time	26.8	67.9	1.8	10.7	73.2	12.5
Inventories	37.5	33.9	26.8	50.0	35.7	12.5
Prices Paid	7.1	50.0	41.1	3.6	37.5	57.1
Prices Received	8.9	76.8	10.7	10.7	58.9	26.8
Number of Employees	32.1	62.5	5.4	14.3	55.4	30.4
Average Employee Workweek	25.0	69.6	3.6	10.7	66.1	21.4
Capital Expenditures				16.1	46.4	28.6

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