



This Summary of Returns reports on the June 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.

Business activity in the region continues to expand, although reported gains are not as widespread as in previous months. Forty-two percent of the respondents to the June survey of large manufacturers in the Third Federal Reserve District report that business has improved since last month. This is down from 51 percent in May and 58 percent in April. The job picture is also brighter. The factory workweek is longer for the fourth month in a row, and work forces are rising at 18 percent of the businesses surveyed. At the same time, the proportion of firms indicating fewer jobs has fallen substantially--from 16 percent in March to only 2 percent in the latest survey.

In contrast to the increases in these other major indicators, inventory levels are decidedly lower this month. Sixteen percent of the respondents report increases in inventories while almost 3 out of 10 indicate declines. This is the first net reduction in manufacturers' stocks on hand since January.

The outlook for the longer term is for further expansion, with 8 out of 10 respondents projecting a higher level of economic activity by December. Increases are anticipated in new orders, shipments, and employment. At the same time, 42 percent of the businessmen surveyed foresee higher levels of inventories over the period. This is down somewhat from last month when more than half were projecting gains six months out. Plans for increases in

capital expenditures are off slightly as well. About one-third of the respondents in the current survey plan to hike their spending for plant and equipment compared to 46 percent last month.

On the price front, manufacturers continue to report higher prices, but there is little change in the distribution of responses from May. One-half of those polled report paying more for their inputs and one-fifth are charging more for their finished products. The outlook is for further increases over the next two quarters. By December, 9 out of 10 respondents expect to be paying more for supplies, and 3 out of 4 anticipate higher prices for the products they sell.

To recap, economic activity in the District continues to expand, and cutbacks in employment have virtually ended. For the longer term, additional gains in output and employment are projected along with further increases in prices.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

June 1976

INDICATOR	June vs. May			Six Months from Now vs. June		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	2.0	56.0	42.0	4.0	16.0	80.0
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	10.0	50.0	38.0	10.0	14.0	74.0
Shipments	6.0	58.0	36.0	12.0	20.0	68.0
Unfilled Orders	12.0	62.0	22.0	6.0	48.0	42.0
Delivery Time	6.0	76.0	12.0	6.0	72.0	18.0
Inventories	28.0	56.0	16.0	18.0	40.0	42.0
Prices Paid	0.0	50.0	50.0	0.0	12.0	88.0
Prices Received	2.0	78.0	18.0	2.0	22.0	74.0
Number of Employees	2.0	80.0	18.0	8.0	46.0	44.0
Average Employee Workweek	4.0	82.0	14.0	6.0	72.0	22.0
Capital Expenditures				2.0	62.0	32.0

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