

BUSINESS OUTLOOK SURVEY
 Summary of Returns
 August 1970

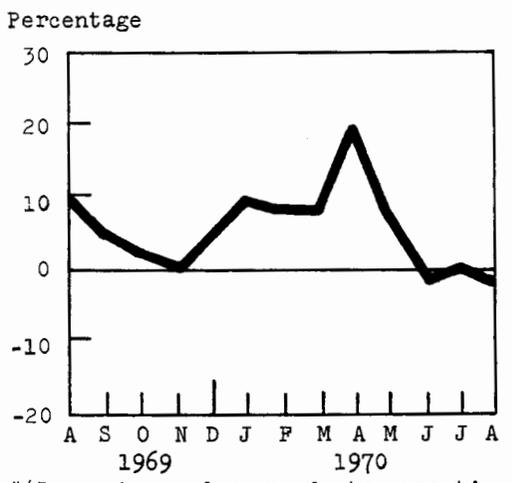
This Summary of Returns reports on the August responses to the Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia. Its purpose is to provide an insight into Third District business conditions. The survey sample polls manufacturing firms with 500 or more employees.

The business slowdown in the regional economy is continuing through the summer months, according to the August Business Outlook Survey. Survey results show that more than two out of three manufacturers polled in the Third Federal Reserve District are experiencing either no change or actual declines in sales and new orders. However, a growing number of respondents now foresee sales and new orders picking up in September. Realization of these optimistic expectations for such key indicators could signal the beginning of a turnaround in the current business slump.

In addition, optimism remains high for the longer run, according to Survey results. Approximately two out of three responding executives say they expect sales and new orders to be higher for their own firms a half a year ahead.

However, the length of the current business slowdown appears to have taken its toll on capital spending plans of area companies. The chart shows the percentage of respondents anticipating an increase minus those expecting a decrease in capital spending over the next

CAPITAL EXPENDITURE PLANS
 SIX MONTHS AHEAD*



*(Percentage of respondents expecting an increase minus those expecting a decrease)

six months. Since November of last year, plans for investment outlays trended upward. However, this upward trend was reversed in May. And since June, the number of firms planning a cutback in capital spending outlays six months hence has equalled or exceeded the number planning a boost.

The outlook for prices remains inflationary. More than three out of four area executives canvassed expect prices paid to be higher a half a year ahead. In short, the consensus view of large manufacturers in Pennsylvania, Delaware, and New Jersey is that business activity will turn up in the fall and winter months, but it will continue to be plagued by rising prices.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

August 1970

INDICATOR	July vs. June			August vs. July			September vs. August			Six Months From Now vs. August		
	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?	41.7	43.8	10.4	10.4	66.7	18.8	8.3	47.9	39.6	6.3	16.7	72.9
COMPANY BUSINESS INDICATORS												
New Orders	45.8	37.5	14.6	10.4	64.6	25.0	6.3	39.6	54.2	14.6	18.8	64.6
Shipments	41.7	33.3	22.9	14.6	54.2	31.3	2.1	47.9	50.0	12.5	20.8	64.6
Unfilled Orders	29.2	47.9	16.7	27.1	52.1	16.7	14.6	58.3	22.9	16.7	43.8	33.3
Delivery Time	18.8	70.8	4.2	4.2	79.2	10.4	4.2	85.4	4.2	6.3	72.9	12.5
Inventories	20.8	45.8	31.3	22.9	50.0	25.0	25.0	52.1	20.8	25.0	39.6	31.3
Prices Paid	0.0	66.7	29.2	0.0	66.7	31.3	2.1	60.4	35.4	2.1	14.6	79.2
Prices Received	2.1	75.0	18.8	0.0	81.3	16.7	0.0	81.3	16.7	2.1	35.4	58.3
Number of Employees	18.8	66.7	10.4	14.6	66.7	16.7	12.5	72.9	12.5	10.4	62.5	22.9
Average Employee Workweek	18.8	66.7	8.3	16.7	66.7	12.5	10.4	68.8	16.7	8.3	66.7	16.7
Capital Expenditures										25.0	41.7	22.9

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