

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

Fed Res
Phi
b.v.

BUSINESS OUTLOOK SURVEY
Summary of Returns
April 1971

This Summary of Returns reports on the April 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 modest expansion of regional business activity is now in its fourth month and is expected to continue, according to area executives. The latest Business Outlook Survey shows that for April, almost four times as many manufacturers polled in the Third Federal Reserve District are registering increases in sales and new orders than are realizing decreases. Regional executives are also optimistic about the outlook for May.

The sustained increase in business activity apparently is having an expansionary impact on hiring plans of area firms. Throughout the past twelve months, more area manufacturers were laying off workers than were hiring them. Consequently, unemployment rose sharply. However, the latest survey results show that for the first time in a year, the number of respondents actually adding to their payrolls equals the number cutting back. This increased hiring by area firms, if sustained, could signal the beginning of a turn around on the unemployment front.

Businessmen are optimistic also about the longer term outlook. More than 80 per cent of the manufacturers polled foresee the regional economy expanding half a year ahead. As a result of this

anticipated expansion, over 40 per cent of the respondents plan to add to their payrolls by the end of the summer.

The outlook for prices remains inflationary. Most businessmen canvassed expect to be paying as well as receiving higher prices over the next six months. In short, area executives foresee an expanding economy, along with a continuation of inflationary pressures.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

APRIL 1971

INDICATOR	March vs. February			April vs. March			May vs. April			Six Months From Now vs. April		
	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?	4.2	50.0	45.8	2.1	50.0	47.9	2.1	39.6	58.3	0.0	14.6	83.3
COMPANY BUSINESS INDICATORS												
New Orders	12.5	37.5	50.0	8.3	52.1	39.6	8.3	41.7	50.0	6.3	10.4	81.3
Shipments	10.4	35.4	54.2	10.4	52.1	37.5	12.5	41.7	45.8	6.3	16.7	72.9
Unfilled Orders	22.9	43.8	29.2	12.5	62.5	20.8	14.6	64.6	16.7	10.4	31.3	52.1
Delivery Time	10.4	68.8	14.6	4.2	83.3	8.3	6.3	85.4	4.2	4.2	60.4	27.1
Inventories	43.8	41.7	14.6	22.9	58.3	16.7	16.7	54.2	27.1	16.7	35.4	43.8
Prices Paid	2.1	75.0	20.8	0.0	70.8	27.1	0.0	64.6	33.3	0.0	27.1	68.8
Prices Received	6.3	81.3	10.4	6.3	85.4	6.3	4.2	75.0	18.8	4.2	31.3	60.4
Number of Employees	18.8	60.4	18.8	14.6	66.7	14.6	8.3	75.0	12.5	14.6	35.4	43.8
Average Employee Workweek	10.4	72.9	14.6	4.2	81.3	12.5	2.1	72.9	20.8	6.3	62.5	27.1
Capital Expenditures										25.0	45.8	18.8

Comments on Business Developments (use reverse side if necessary)