B Turnbull

FEDERAL RESERVE BANK OF PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
March 1975

This Summary of Returns reports on the March 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 deterioration in business activity in the region may be coming to an end according to area executives. The latest Business Outlook Survey of large manufacturers in the Third Federal Reserve District shows that two thirds of the executives feel there has been no decline in the general level of business activity in March from that reported in February. And in their own firms, over 50 percent of the manufacturers report "no change" in either new orders or shipments this month. The stabilizing of economic activity in March is a relief from the continuing declines of the past several months.

This steadying of regional business activity is generating some optimism in the outlook for the next two quarters. Over two thirds of the respondents expect not only the general level of business activity in the region to pick up by September, but also respondents are bullish on the outlook for shipments and new orders in their own firms. However, unemployment in the Third District will likely remain relatively high through the next six months. Only one in three respondents are planning to increase the size of their workforce or to lengthen their average workweek.

And, the news on the price front is equally as promising, according to area businessmen. For the last six months the percentage of executives expecting prices to increase six months ahead has slowly declined from a high of over 87 percent in September to 68 percent this month. In addition, the ranks of those expecting "no change" in prices have been swelling. The chart below highlights the percentage of respondents who expect "no change" in prices paid or prices

received six months from date of the survey.

EXPECTING NO CHANGE SIX MONTHS FROM DATE OF SURVEY	DATE OF SURVEY		
	SEPTEMBER	DECEMBER	MARCH
PRICES PAID	10.6%	20.5%	24.0%
PRICES RECEIVED	23.4	33.3	46.0

This trend clearly indicates that the survey respondents see an easing in the inflationary woes that have plagued the region for some time.

In summary, area executives report that the declines in business activity in the Third District may be coming to an end and that the outlook for the next six months is for a mild upturn. And, inflationary pressures, while still bearing down on the regional economy, appear to be abating somewhat.

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SUMMARY OF RETURNS
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INDICATOR	March vs. February			Six Months from Now vs. March		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	28.0	66.0	6.0	4.0	28.0	68.0
COMPANY BUSINESS INDICATORS						
New Orders	30.0	50.0	18.0	8.0	22.0	68.0
Shipments	24.0	56.0	20.0	8.0	26.0	66.0
Unfilled Orders	40.0	46.0	10.0	16.0	46.0	32.0
Delivery Time	20.0	72.0	4.0	12.0	78.0	6.0
Inventories	64.0	20.0	16.0	46.0	34.0	20.0
Prices Paid	14.0	64.0	22.0	6.0	24.0	68.0
Prices Received	24.0	68.0	8.0	18.0	46.0	36.0
Number of Employees	40.0	54.0	6.0	14.0	52.0	34.0
Average Employee Workweek	22.0	72.0	4.0	8.0	70.0	20.0
Capital Expenditures				30.0	44.0	22.0

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