



BUSINESS OUTLOOK SURVEY  
Summary of Returns  
July 1975

This Summary of Returns reports on the July 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 Third District economy appears to be stabilizing after its long downward slide. According to the results of the Federal Reserve Bank's most recent Business Outlook Survey of large manufacturers, business activity is currently holding steady. Seventy percent of the executives polled report that the local economic climate is neither better nor worse than it was a month ago. New orders and shipments were steady during the month. However, prices paid for supplies rose slightly while prices received for goods purchased were off a bit. Employment was also slightly lower.

Nonetheless, respondents foresee a marked upturn in the second half of 1975. Nearly 4 out of 5 of the businessmen surveyed expect new orders to be above present levels by the end of the year. Growing order backlogs and slightly slower deliveries may be a by-product of the expanding economy. Prices paid and received are also likely to be higher according to these executives. However, the expansion is expected to bring some employment gains by yearend, as well.

Area businessmen also note that the inventory correction which started last winter is continuing. Firms reporting declining inventories have outnumbered those experiencing gains by at least 5 to 1 over the last three months. The six-month forecast provided by these companies points to further

declines by the end of the year. Those predicting further inventory cut-backs have outnumbered those predicting build-ups in each of the last three months.

To recap, business conditions are steady at present, and District executives are hopeful about the future. The price picture in manufacturing is mixed right now, but it's anticipated that there will be strong upward pressure in the months ahead. Inventory reductions are also expected to continue into the second half of the year.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS JULY 1975

#### INDICATOR

July vs. June			Six Months from Now vs. July		
Decrease	No Change	Increase	Decrease	No Change	Increase

#### GENERAL BUSINESS CONDITIONS

What is your evaluation of the level of general business activity?	13.0	69.6	15.2	0.0	10.9	82.6
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#### COMPANY BUSINESS INDICATORS

New Orders	21.7	56.5	21.7	4.3	17.4	78.3
Shipments	23.9	56.5	17.4	10.9	19.6	67.4
Unfilled Orders	28.3	60.9	8.7	15.2	37.0	45.7
Delivery Time	13.0	82.6	2.2	8.7	69.6	19.6
Inventories	54.3	34.8	10.9	39.1	32.6	26.1
Prices Paid	2.2	76.1	21.7	0.0	10.9	87.0
Prices Received	17.4	76.1	6.5	8.7	32.6	58.7
Number of Employees	21.7	67.4	8.7	15.2	41.3	43.5
Average Employee Workweek	10.9	87.0	2.2	13.0	52.2	32.6
Capital Expenditures				8.7	60.9	30.4

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