



BUSINESS OUTLOOK SURVEY  
Summary of Returns  
August 1975

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.

Economic activity in the region is beginning to turn around. Almost 40 percent of the respondents to this month's survey of large manufacturers in the Third Federal Reserve District report an improvement in overall business activity. In comparison, only 15 percent of those surveyed last month reported that business was up over the previous month. Area executives also report that new orders and shipments are up significantly, and unfilled orders are increasing. While manufacturers are still cutting inventories, the proportion of respondents reporting lower inventories dropped appreciably from last month.

The employment picture is also considerably brighter. Almost three-fourths of the businesses surveyed report no change in their workforces, and those reporting increases outnumber those reporting declines for the first time since August 1974. On the price front, area businessmen report that the prices of their supplies are somewhat higher this month while the prices they charge for their finished products are down to some degree.

Manufacturers continue to be optimistic for the next two quarters. They expect new orders, shipments, and unfilled orders to be higher and plan to increase their inventories by early '76. This is the first six-month projection of net inventory accumulation since last summer. In addition,

over 40 percent of the executives polled anticipate hiring additional employees as well as lengthening the average workweek. Capital spending plans, however, remain less-than-robust with more than half of those surveyed planning no change over the next half-year.

According to area manufacturers, the growth in economic activity over the next six months will be accompanied by higher prices. Despite some easing from last month, three-fourths of the respondents anticipate paying higher prices for their supplies while more than half expect to be charging higher prices for the products they sell.

In short, area executives expect the recovery that is currently underway to continue at least through the winter. The prospects for production and employment are good, but higher prices will also be part of the business turnaround.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS

AUGUST 1975

INDICATOR

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

#### GENERAL BUSINESS CONDITIONS

What is your evaluation of the level of general business activity?	1.9	59.3	38.9	3.7	7.4	87.0
--	-----	------	------	-----	-----	------

#### COMPANY BUSINESS INDICATORS

New Orders	9.3	50.0	38.9	9.3	11.1	77.8
Shipments	9.3	55.6	35.2	11.1	16.7	72.2
Unfilled Orders	14.8	61.1	20.4	11.1	33.3	51.9
Delivery Time	13.0	79.6	3.7	7.4	63.0	25.9
Inventories	38.9	38.9	22.2	29.6	35.2	33.3
Prices Paid	5.6	70.4	24.1	5.6	18.5	75.9
Prices Received	20.4	74.1	5.6	13.0	31.5	55.6
Number of Employees	9.3	74.1	16.7	9.3	48.1	40.7
Average Employee Workweek	7.4	87.0	3.7	5.6	51.9	40.7
Capital Expenditures				11.1	55.6	27.8

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