

FEDERAL RESERVE BANK  
OF  
PHILADELPHIA



Research Department

BUSINESS OUTLOOK SURVEY  
Summary of Returns  
January 1969

This Summary of Returns reports on the January 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.

Manufacturers in the Third Federal Reserve District continue to exude optimism for the general business outlook. The current Business Outlook Survey shows that January is turning out to be a somewhat better month than was anticipated in the December Survey. Although three out of five respondents expect February to show "no change" from January, nearly 30 per cent of the business executives polled -- more than twice last month's figure -- see economic activity increasing next month. Whether this marks the beginning of a new trend is uncertain from one survey, but not since last summer has this much optimism been expressed for the month just ahead. The buoyant outlook for six months hence, so dominant in the previous two surveys, continues unabated in the current one.

Several reasons appear to underlie this "bullish" mood on the part of Third District manufacturers. (1) Expectations have been steadily surpassed in recent months and businessmen are now adjusting upward their expectations, particularly for the month immediately ahead. (2) The outlook for new orders, shipments, and unfilled orders remains strong. (3) The national economy, despite some slowing in the rate of advance, remains in high gear. (4) In the wake of record prosperity, businessmen may find any but an optimistic mood incongruous with recent experience. Optimism, in short, may have acquired an ongoing momentum all its own.

Respondents to the January Survey also expect inflationary pressures to persist. Looking ahead six months, however, manufacturing executives are less confident about receiving higher prices than they are about paying higher prices.

Thus, businessmen in the Third Federal Reserve District expect prosperity and inflation to go hand-in-hand well into 1969.

### BUSINESS OUTLOOK SURVEY SUMMARY OF RETURNS

January 1969

INDICATOR	December vs. November			January vs. December			February vs. January			Six Months From Now vs. January		
	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>												
What is your evaluation of the level of general business activity?	19.1	44.7	36.2	27.7	51.1	21.3	8.5	61.7	29.8	17.0	17.0	66.0
<b>COMPANY BUSINESS INDICATORS</b>												
New Orders	29.8	25.5	42.6	17.0	53.2	27.7	4.3	66.0	27.7	17.0	25.5	55.3
Shipments	29.8	25.5	42.6	17.0	48.9	34.0	8.5	68.1	23.4	17.0	29.8	53.2
Unfilled Orders	21.3	38.3	38.3	25.5	48.9	23.4	12.8	61.7	23.4	25.5	34.0	38.3
Delivery Time	4.3	80.9	14.9	6.4	85.1	8.5	2.1	83.0	14.9	10.6	70.2	19.1
Inventories	27.7	38.3	34.0	19.1	44.7	36.2	12.8	70.2	17.0	27.7	40.4	31.9
Prices Paid	0	72.3	25.5	0	61.7	36.2	0	76.6	21.3	0	23.4	74.5
Prices Received	0	80.9	17.0	0	76.6	21.3	0	80.9	14.9	2.1	46.8	48.9
Number of Employees	10.6	72.3	14.9	8.5	66.0	23.4	2.1	80.9	14.9	8.5	51.1	38.3
Average Employee Work Week	17.0	66.0	14.9	8.5	80.9	8.5	0	87.2	10.6	8.5	68.1	21.3
Capital Expenditures										10.6	36.2	40.4

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