



BUSINESS OUTLOOK SURVEY  
Summary of Returns  
MAY 1969

This Summary of Returns reports on the MAY 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 long-awaited slowdown in the rate of business expansion is now clearly in sight, according to manufacturers in the Third Federal Reserve District. The latest Business Outlook Survey shows that the number of business executives with rising expectations for six months hence has dropped from nearly 60 per cent last month to just under 35 per cent this month, while those expecting a decrease in business activity a half year ahead has more than tripled. The outlook for June is dominated by "no change," compared to the last several months when regional manufacturers were about evenly divided between an "increase" and "no change" in the general level of business activity for the month just ahead.

Although the last couple of Surveys have hinted at the prospect of an economic slowdown, the May Survey gives across-the-board support to a softening in the business outlook. Rising expectations for new orders, shipments and unfilled orders for six months out have declined. The labor outlook is characterized by "no change," suggesting that regional manufacturers expect to hire few additional employees in the months ahead.

On the price front, however, businessmen anticipate continued inflation. In the wake of an expected easing on the demand side, such a view may seem paradoxical. On closer examination, however, businessmen

may be acknowledging the lag factor in a dynamic economy. Inflation has become deeply imbedded in the economy since 1965 and price pressures no longer stem simply from the demand side. Pressures from the cost side are pushing up prices as well. Consequently, for the back of inflation to be broken, it will take time for the effects of a slower-paced economy to sink down and choke off the roots of inflationary expectations.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS

May 1969

INDICATOR	April vs. March			May vs. April			June vs. May			Six Months From Now vs. May		
	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?	14.6	63.4	19.5	9.8	63.4	24.4	7.3	65.9	24.4	43.9	19.5	34.1
<b>COMPANY BUSINESS INDICATORS</b>												
New Orders	19.5	41.5	34.1	14.6	46.3	36.6	17.1	53.7	26.8	26.8	34.1	36.6
Shipments	29.3	36.6	31.7	12.2	51.2	36.6	9.8	51.2	39.0	26.8	29.3	43.9
Unfilled Orders	17.1	51.2	24.4	24.4	48.8	22.0	12.2	53.7	26.8	26.8	39.0	26.8
Delivery Time	2.4	80.5	9.8	7.3	78.0	7.3	9.8	75.6	7.3	9.8	73.2	9.8
Inventories	9.8	51.2	36.6	14.6	48.8	36.6	12.2	56.1	31.7	26.8	39.0	34.1
Prices Paid	0.0	63.4	34.1	0.0	70.7	29.3	0.0	78.0	17.1	0.0	36.6	63.4
Prices Received	0.0	78.0	19.5	0.0	78.0	22.0	0.0	80.5	17.1	4.9	46.3	48.8
Number of Employees	4.9	73.2	19.5	4.9	75.6	19.5	4.9	75.6	19.5	14.6	68.3	17.1
Average Employee Workweek	2.4	87.8	7.3	0.0	90.2	9.8	4.9	80.5	14.6	9.8	73.2	17.1
Capital Expenditures										14.6	39.0	29.3

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