

B. Turnbull

BUSINESS OUTLOOK SURVEY
Summary of Returns
January 1973

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.

Business activity in the regional economy remains on an upward path and appears to be picking up steam, according to area executives. The latest Business Outlook Survey, conducted among large manufacturers in the Third Federal Reserve District, reveals new highs being set by several important economic barometers. In January, for example, the number of firms registering increases in new orders and sales is outpacing those experiencing declines by the widest margin in over three years. Likewise, the spread between the number of respondents reporting a step-up in the overall business climate and those reporting a decrease is at an 18-month peak.

Looking beyond the immediate period, area manufacturers expect business to remain brisk. Two out of three executives polled predict an upswing in the level of general business activity during the next six months. Well over half see new orders and sales for their own firms at a higher level through mid-'73. As a result of the rising business trend, more than one-fifth of the firms canvassed plan to add employees to their payrolls during the next six months.

Although most businessmen are bullish about orders and sales, they are less optimistic about the outlook for inflation. Nearly two-thirds of the respondents expect to be paying higher prices by the middle of the year for their manufacturing inputs, while about 40 percent forecast an increase in prices received for manufactured goods.

In summary, area executives believe the regional economy is performing at higher levels in January than it has in past months. And as a result of the quickening pace, payrolls are continuing to expand. However, they also see upward pressure on prices plaguing the regional economy during the months ahead.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

JANUARY 1973

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
GENERAL BUSINESS CONDITIONS												
What is your evaluation of the level of general business activity?	18.4	52.6	26.3	2.6	44.7	50.0	2.6	55.3	39.5	5.3	26.3	65.8
COMPANY BUSINESS INDICATORS												
New Orders	31.6	50.0	18.4	5.3	42.1	52.6	5.3	55.3	39.5	7.9	26.3	65.8
Shipments	23.7	47.4	26.3	10.5	34.2	52.6	5.3	47.4	44.7	10.5	26.3	60.5
Unfilled Orders	26.3	47.4	23.7	10.5	42.1	42.1	2.6	68.4	23.7	15.8	34.2	44.7
Delivery Time	7.9	73.7	15.8	5.3	81.6	10.5	7.9	86.8	2.6	21.1	63.2	13.2
Inventories	23.7	52.6	23.7	13.2	55.3	31.6	13.2	50.0	36.8	18.4	39.5	42.1
Prices Paid	2.6	76.3	21.1	0.0	68.4	31.6	0.0	76.3	23.7	2.6	31.6	65.8
Prices Received	2.6	81.6	15.8	2.6	84.2	13.2	2.6	84.2	13.2	2.6	55.3	42.1
Number of Employees	2.6	71.1	26.3	5.3	71.1	21.1	2.6	76.3	21.1	7.9	60.5	31.6
Average Employee Workweek	7.9	76.3	13.2	2.6	78.9	15.8	2.6	92.1	2.6	10.5	73.7	13.2
Capital Expenditures										5.3	39.5	52.6

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