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OF

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BUSINESS OUTLOOK SURVEY

Summary of Returns

September 1975

This Summary of Returns reports on the September 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.

For the second month in a row, business activity in the region is expanding. More than 40 percent of the executives responding to the September survey of large manufacturers in the Third Federal Reserve District report that business conditions have improved over last month. New orders and shipments are higher this month than last while inventories are lower. Employment is also marginally higher, and for the first time in a year the average workweek is longer. However, prices paid for supplies as well as those received for finished products are up over last month.

The longer-term outlook in manufacturing is for further improvement. Close to 90 percent of the manufacturers surveyed expect a higher level of economic activity by March. New orders, shipments, and unfilled orders are all expected to be above present levels. Inventories appear to be stabilizing somewhat with nearly half of the executives polled planning no change in their stocks on hand during the next two quarters.

The turnaround in the area economy is reflected in the outlook for employment. Almost 40 percent of the respondents plan to add to their work forces over the next six months, and 35 percent expect to lengthen the manufacturing workweek. At the same time, less than 5 percent of the businessmen surveyed plan to reduce their work forces and shorten the

average workweek. Nevertheless, this optimism isn't fully carried over to capital spending plans as only one-fourth of the respondents expect to increase capital expenditures during the next six months.

Along with the expansion in economic activity, area manufacturers look for prices to climb as well. More than 80 percent of those polled expect to be paying higher prices six months out while three-fourths anticipate receiving higher prices for the products they sell.

In a nutshell, regional economic activity is continuing to expand, and manufacturers in the District expect additional improvement through next March. The outlook for production and employment is good, but prices are also expected to rise further.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS September 1975

INDICATOR	September vs. August			Six Months from Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	3.7	53.7	42.6	1.9	11.1	87.0
COMPANY BUSINESS INDICATORS						
New Orders	9.3	51.9	37.0	1.9	13.0	83.3
Shipments	5.6	59.3	35.2	3.7	25.9	70.4
Unfilled Orders	20.4	55.6	20.4	5.6	35.2	55.6
Delivery Time	11.1	77.8	7.4	7.4	66.7	22.2
Inventories	37.0	46.3	16.7	27.8	46.3	25.9
Prices Paid	5.6	46.3	48.1	5.6	11.1	83.3
Prices Received	7.4	75.9	16.7	7.4	16.7	74.1
Number of Employees	13.0	66.7	20.4	3.7	57.4	38.9
Average Employee Workweek	5.6	75.9	13.0	1.9	61.1	35.2
Capital Expenditures				11.1	55.6	25.9

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