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OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

January 1975

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.

According to area executives, manufacturers are experiencing a continued slowing in the regional economy. The latest Business Outlook Survey of large manufacturers in the Third Federal Reserve District shows that over half of the respondents feel there has been a decline in the general level of business activity since December. New orders are lower, and order backlogs are being reduced from last month's levels in 45 percent of the firms responding. And, area executives experiencing a decrease in the number of shipments are outpacing those experiencing an increase. This slowdown in manufacturing activity is causing a significant setback for the regional labor market. Over a third of the executives canvassed are cutting back their workforce, and better than a quarter of the respondents are shortening the average employee workweek.

But, area manufacturers continue to be more optimistic about the long term outlook. Almost 45 percent of the businessmen expect an increase in the general level of business activity by the end of the second quarter. Over half of the executives expect new orders to be up six months ahead, but few expect backlogs of orders to mount up as quickly. Despite this optimism about the outlook half a year ahead, the majority of area firms expect to maintain the current number in their workforce and to hold the

length of the average workweek stable. Thus, with the size of the labor force expanding, the regional economy can expect to be plagued by a continued high level of unemployment.

Inflation shows little sign of abating in the near term. Most area businessmen expect to be paying even higher prices in June for raw materials and nearly 45 percent expect to be receiving higher prices for their finished products. Less than 10 percent of the respondents expect declines in prices of goods they buy or sell.

In sum, the regional economy is still weakening, but some degree of recovery is expected by the end of the second quarter. However, executives foresee inflation and unemployment harassing the area economy at least through June.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS JANUARY 1975

INDICATOR	January vs. December			Six Months from Now vs. January		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	57.1	36.7	4.1	22.4	32.7	44.9
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	44.9	30.6	20.4	22.4	22.4	51.0
Shipments	30.6	46.9	20.4	16.3	34.7	46.9
Unfilled Orders	44.9	42.9	8.2	24.5	49.0	22.4
Delivery Time	22.4	69.4	2.0	14.3	77.6	4.1
Inventories	36.7	32.7	28.6	42.9	40.8	14.3
Prices Paid	4.1	44.9	49.0	8.2	34.7	55.1
Prices Received	8.2	57.1	28.6	8.2	42.9	44.9
Number of Employees	38.8	57.1	2.0	18.4	57.1	22.4
Average Employee Workweek	28.6	65.3	2.0	18.4	67.3	12.2
Capital Expenditures				16.3	55.1	26.5

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