

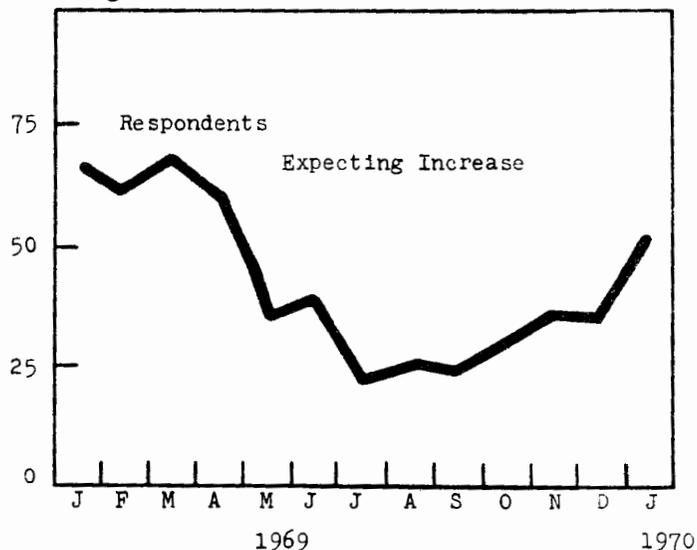
This Summary of Returns reports on the January responses to the Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia. Its purpose is to provide an insight into Third District business conditions. The Survey sample polls manufacturing firms with 500 or more employees.

The regional economy is now in a slowdown. The latest Business Outlook Survey shows that new orders and shipments for manufacturers in the Third Federal Reserve District (eastern two-thirds of Pennsylvania, southern New Jersey, and Delaware) were down in December for the third month in a row. And, although most firms do not expect further declines during January and February, area executives, by a three-to-one margin, remain bearish about the general business outlook for the near term.

Optimism is growing, however, for the second half of 1970. For the first time since last April, a majority of business executives have rising expectations for the longer-term outlook. The chart shows the percentage of respondents anticipating an increase in the general level of business activity six months hence. Businessmen correctly anticipated last spring the current slump in the

economy. After peaking in March, the percentage of top management with bullish expectations began dropping, reaching a low plateau during the summer months. Since October, there has been a growing minority of area businessmen who see a pickup in the economy for later in 1970. Now a definite majority, as shown in the chart,

Level of General Business Activity  
6 Months Ahead  
Percentage



predict that business activity will be rising six months from now.

At the individual firm level, two-thirds of the respondents expect new orders and shipments to rise over the next half year. This degree of optimism is in sharp contrast to the last several months when less than half of the reporting businessmen anticipated increases in orders and sales six months ahead.

In short, the consensus outlook of area businessmen is that the current dip in economic activity will not be very deep or last very long; and by midyear, the economy will be back on an expansionary path.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS

January 1970

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?	28.3	50.9	17.0	28.3	49.1	18.9	24.5	64.2	7.5	24.5	18.9	52.8
<b>COMPANY BUSINESS INDICATORS</b>												
New Orders	43.4	35.8	20.8	28.3	41.5	30.2	15.1	62.3	22.6	17.0	15.1	67.9
Shipments	28.3	50.9	20.8	18.9	43.4	37.7	18.9	58.5	22.6	17.0	17.0	66.0
Unfilled Orders	32.1	43.4	20.8	32.1	50.9	13.2	18.9	64.2	13.2	18.9	34.0	43.4
Delivery Time	17.0	66.0	13.2	18.9	71.7	5.7	11.3	75.5	9.4	11.3	62.3	22.6
Inventories	26.4	43.4	30.2	30.2	43.4	26.4	22.6	50.9	26.4	37.7	34.0	28.3
Prices Paid	0.0	49.1	49.1	0.0	56.6	41.5	0.0	64.2	34.0	1.9	20.8	75.5
Prices Received	0.0	73.6	24.5	1.9	79.2	17.0	1.9	79.2	17.0	3.8	39.6	52.8
Number of Employees	9.4	81.1	7.5	11.3	83.0	3.8	7.5	84.9	5.7	9.4	60.4	28.3
Average Employee Workweek	13.2	73.6	9.4	5.7	81.1	9.4	7.5	83.0	5.7	7.5	73.6	15.1
Capital Expenditures										20.8	39.6	30.2

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