

BUSINESS OUTLOOK SURVEY
 Summary of Returns
 May 1970

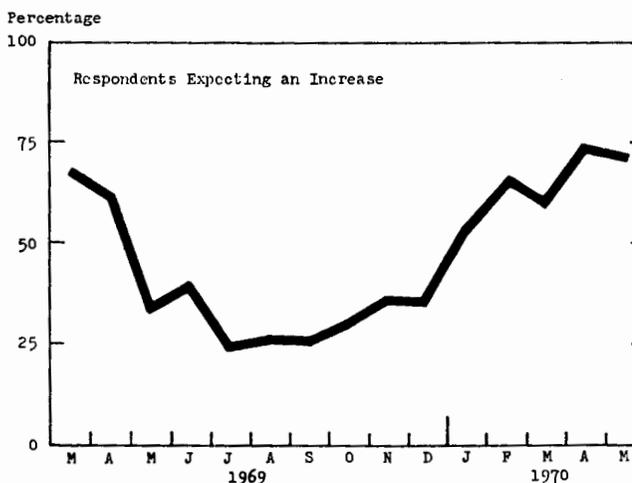
This Summary of Returns reports on the May responses to the Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia. Its purpose is to provide an insight into Third District business conditions. The Survey sample polls manufacturing firms with 500 or more employees.

The business slowdown in the regional economy is now in its seventh month, according to the May Business Outlook Survey. Survey results show that most manufacturers polled in the Third Federal Reserve District are experiencing either no change or actual declines in sales and new orders. Moreover, sales for April did not live up to expectations, indicating the current slump is somewhat more pronounced than anticipated earlier. However, area executives polled see no further deterioration of business activity in the immediate months ahead.

In addition, optimism remains high for regional activity over the longer term. Since

January, a majority of manufacturers polled have held rising expectations for the second half of 1970. As can be seen from the chart, which shows the percentage of respondents anticipating an increase in the general

LEVEL OF GENERAL BUSINESS ACTIVITY
 6 MONTHS AHEAD.



level of business activity six months hence, area businessmen anticipated the current slump a little over a year ago. Less bullish expectations began to take form during the spring of 1969 and continued through the summer. Since October, however, pessimism has steadily turned to

optimism. Better than two out of three area executives see a pickup in the economy during the fall and winter of 1970.

The outlook for prices remains inflationary. Better than three out of five respondents, unchanged from a year ago, expect the upward trend for prices to continue for the balance of the year.

In short, the consensus view of large manufacturers in Pennsylvania, Delaware, and New Jersey is that the current slump in business activity is bottoming out and that by fall the economy will be once more expanding -- but the expansion will be plagued by the persistence of inflation.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

May 1970

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
GENERAL BUSINESS CONDITIONS												
What is your evaluation of the level of general business activity?	38.8	49.0	12.2	26.5	61.2	12.2	20.4	53.1	26.5	4.1	20.4	71.4
COMPANY BUSINESS INDICATORS												
New Orders	34.7	42.9	22.4	22.4	49.0	28.6	18.4	53.1	28.6	4.1	18.4	75.5
Shipments	30.6	46.9	22.4	24.5	49.0	26.5	14.3	53.1	32.7	4.1	18.4	75.5
Unfilled Orders	32.7	49.0	16.3	28.6	53.1	16.3	16.3	69.4	12.2	8.2	42.9	44.9
Delivery Time	12.2	79.6	6.1	10.2	81.6	6.1	6.1	83.7	8.2	2.0	75.5	18.4
Inventories	22.4	44.9	30.6	22.4	46.9	28.6	20.4	57.1	20.4	28.6	30.6	36.7
Prices Paid	2.0	61.2	32.7	2.0	59.2	34.7	2.0	61.2	32.7	0.0	32.7	61.2
Prices Received	2.0	77.6	18.4	2.0	85.7	10.2	2.0	81.6	14.3	0.0	44.9	51.0
Number of Employees	20.4	67.3	10.2	12.2	73.5	12.2	10.2	71.4	16.3	2.0	59.2	34.7
Average Employee Workweek	14.3	77.6	4.1	26.5	65.3	4.1	8.2	85.7	2.0	4.1	63.3	26.5
Capital Expenditures										18.4	44.9	24.5

Comments on Business Developments (use reverse side if necessary)