

FEDERAL RESERVE BANK

OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

December 1970

This Summary of Returns reports on the December 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.

Area executives expect the level of business activity to undergo a mild pickup in January after a flat finish for 1970. The latest Business Outlook Survey shows that most manufacturers polled in the Third Federal Reserve District are experiencing either no change or actual declines in sales and new orders for the month of December. However, a growing number of responding businessmen expect these important indicators to rise in January. In part, these rising expectations may reflect anticipations that General Motors will soon be reaching pre-strike production levels.

This new found optimism represents an abrupt change in business attitudes from just a few months back when area executives were quite bearish about the immediate months ahead. Back in October, the number of firms expecting increases in sales and new orders one month ahead only slightly exceeded the number expecting a decrease in these indicators. Survey returns for December, however, show that more than six times as many firms expect increases in sales and new orders for January as expect decreases. In addition, most responding manufacturers foresee further increases in these key variables during the first half of 1971.

The outlook for prices, however, remains inflationary. Almost sixty per cent of the manufacturers canvassed expect prices to be higher six months hence, about unchanged from the trend of previous months. In short, area businessmen foresee a pickup in the regional economy during the coming months along with a continuation of inflationary pressure.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

DECEMBER 1970

INDICATOR	November vs. October			December vs. November			January vs. December			Six Months From Now vs. December		
	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?	37.3	47.1	13.7	31.4	43.1	23.5	11.8	39.2	45.1	2.0	17.6	76.5
COMPANY BUSINESS INDICATORS												
New Orders	37.3	39.2	21.6	31.4	43.1	23.5	5.9	52.9	39.2	5.9	23.5	68.6
Shipments	25.5	47.1	25.5	35.3	41.2	21.6	3.9	52.9	41.2	7.8	25.5	64.7
Unfilled Orders	35.3	49.0	11.8	21.6	56.9	17.6	7.8	66.7	21.6	11.8	43.1	41.2
Delivery Time	7.8	82.4	3.9	3.9	84.3	5.9	7.8	76.5	9.8	5.9	74.5	13.7
Inventories	33.3	45.1	19.6	31.4	51.0	15.7	7.8	66.7	23.5	15.7	49.0	33.3
Prices Paid	2.0	62.7	29.4	0.0	76.5	17.6	0.0	58.8	35.3	0.0	35.3	58.8
Prices Received	2.0	80.4	15.7	0.0	86.3	9.8	0.0	72.5	25.5	2.0	35.3	58.8
Number of Employees	29.4	66.7	2.0	15.7	80.4	2.0	7.8	78.4	11.8	9.8	52.9	35.3
Average Employee Workweek	17.6	72.5	3.9	13.7	74.5	5.9	3.9	80.4	9.8	3.9	66.7	23.5
Capital Expenditures										19.6	43.1	31.4

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