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FEDERAL RESERVE BANK
OF
PHILADELPHIA
DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
June 1971

This Summary of Returns reports on the June 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 expansion currently underway is expected to continue, according to area executives. The latest Business Outlook Survey shows that for June twice as many manufacturers polled in the Third Federal Reserve District are experiencing increases in sales and new orders than are registering decreases. Regional executives are also hopeful about the outlook for July.

Looking beyond the immediate period, area executives are overwhelmingly optimistic. Eight out of ten believe that the overall economy will continue to expand at least through the end of the year. Further, more than two-thirds of the executives canvassed foresee sales and new orders increasing six months out for their own firms.

Area businessmen, however, have become more pessimistic about the outlook for inflation. The table below compares the percentage of respondents expecting price increases six months ahead for selected dates. After a modest drop between June 1969 and June 1970, the percentage of executives anticipating price increases has jumped

<u>June 1969</u>	<u>June 1970</u>	<u>June 1971</u>
57.1	51.9	72.3

substantially during the past year.

In short, area businessmen are confident that the recovery from last year's recession will continue. But they are also fearful that an expanding economy will intensify inflationary pressures.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

JUNE 1971

INDICATOR	May vs. April			June vs. May			July vs. June			Six Months From Now vs. June		
	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?	10.6	51.1	36.2	2.1	59.6	36.2	19.1	46.8	29.8	2.1	17.0	78.7
COMPANY BUSINESS INDICATORS												
New Orders	19.1	40.4	38.3	8.5	55.3	34.0	21.3	44.7	27.7	8.5	19.1	70.2
Shipments	19.1	40.4	38.3	10.6	44.7	42.6	23.4	38.3	31.9	10.6	17.0	70.2
Unfilled Orders	27.7	51.1	17.0	21.3	59.6	14.9	23.4	51.1	17.0	12.8	34.0	48.9
Delivery Time	10.6	78.7	4.3	6.4	85.1	4.3	4.3	80.9	6.4	4.3	72.3	19.1
Inventories	34.0	38.3	21.3	19.1	57.4	21.3	21.3	48.9	23.4	19.1	42.6	36.2
Prices Paid	0.0	61.7	29.8	0.0	61.7	34.0	0.0	72.3	19.1	0.0	23.4	72.3
Prices Received	2.1	76.6	14.9	2.1	72.3	21.3	2.1	72.3	17.0	4.3	25.5	66.0
Number of Employees	14.9	72.3	8.5	12.8	70.2	12.8	6.4	74.5	10.6	6.4	53.2	36.2
Average Employee Workweek	8.5	72.3	10.6	8.5	74.5	10.6	4.3	83.0	2.1	6.4	68.1	19.1
Capital Expenditures										17.0	44.7	21.3

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