

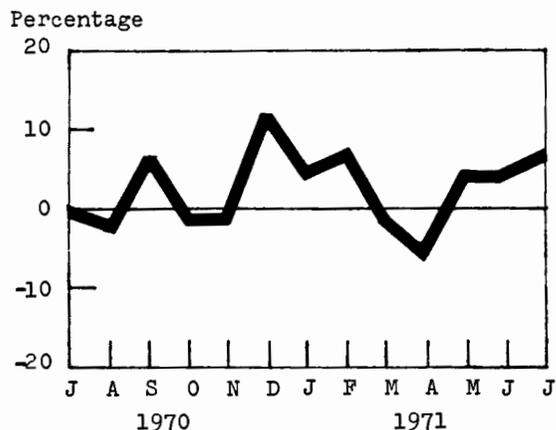
This Summary of Returns reports on the July responses to the Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia. Its purpose is to provide an insight into Third District business conditions. The survey sample polls manufacturing firms with 500 or more employees.

Area executives expect the current pick-up in business activity to slow during July but to finish the summer on an upswing. The latest Business Outlook Survey shows that for July, more of the manufacturers polled in the Third Federal Reserve District are experiencing decreases in sales and new orders than are realizing increases. However, this setback appears to be only temporary. More than four times as many respondents expect these key indicators to rise in August as expect them to decline.

Businessmen also remain optimistic about the longer term outlook. Over three-quarters of the executives canvassed foresee the regional economy expanding a half a year ahead. It appears, however, that this expansion will receive little help from

capital spending by area firms. As shown in the chart, over the past year, the percentage of respondents planning a cut-back in capital spending six months ahead has approximated the percentage planning a boost.

CAPITAL EXPENDITURE PLANS*



*(Percentage of respondents expecting an increase minus those expecting a decrease.)

Area businessmen may be holding the line on capital expenditures for a number of reasons. But two likely ones are uncertainty about consumer spending in the months ahead and large amounts of unused capacity.

In short, area executives expect the business expansion, which got under back in January, to continue at least into early 1972. However, they also expect that the usual boost to economic expansion provided by capital expenditures will not be forthcoming, at least within the next half a year.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

JULY 1971

INDICATOR	June vs. May			July vs. June			August vs. July			Six Months From Now vs. July		
	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?	9.8	58.5	31.7	14.6	63.4	22.0	2.4	53.7	43.9	4.9	14.6	78.0
COMPANY BUSINESS INDICATORS												
New Orders	22.0	51.2	26.8	26.8	58.5	14.6	9.8	46.3	43.9	17.1	14.6	68.3
Shipments	12.2	58.5	29.3	31.7	53.7	14.6	7.3	53.7	39.0	14.6	14.6	70.7
Unfilled Orders	36.6	53.7	9.8	31.7	61.0	7.3	14.6	63.4	22.0	14.6	41.5	43.9
Delivery Time	12.2	80.5	7.3	7.3	87.8	4.9	4.9	90.2	4.9	0.0	85.4	14.6
Inventories	31.7	48.8	19.5	24.4	58.5	17.1	14.6	65.9	19.5	22.0	39.0	39.0
Prices Paid	0.0	65.9	31.7	0.0	70.7	26.8	0.0	75.6	22.0	0.0	17.1	80.5
Prices Received	2.4	87.8	7.3	2.4	70.7	24.4	2.4	82.9	12.2	2.4	29.3	65.9
Number of Employees	17.1	70.7	9.8	17.1	78.0	2.4	7.3	80.5	9.8	9.8	53.7	34.1
Average Employee Workweek	12.2	63.4	22.0	9.8	78.0	9.8	0.0	82.9	14.6	4.9	61.0	31.7
Capital Expenditures										14.6	61.0	22.0

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