

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
March 1973

This Summary of Returns reports on the March 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 report continuing optimism regarding the regional economy. The latest Business Outlook Survey, conducted among large manufacturers in the Third Federal Reserve District, reveals that most important economic indicators continue to point upward. In March, for example, the number of firms citing increases in new orders and sales outpaced those experiencing declines by the widest margin this survey has recorded in its five-year history. Likewise, the spread between the number of respondents reporting a stepped-up general business climate and those reporting a decrease is at a four-year high.

District manufacturers are also confident about business prospects for the coming six months. Seven out of ten executives polled believe that the level of business activity will be higher six months from now. Over seventy percent of the respondents predict their own sales and new orders will be increasing a half year ahead.

Because of the increased business tempo plans for capital investment six months from now continue high. The number of firms intending to boost capital expenditures in the next six months outstrips those expecting cutbacks by ten to one.

Although bullish about the business climate in general, area businessmen look at the price front less optimistically. More than eight out of

ten of the respondents to this month's Survey expect to pay higher prices for their materials a half a year ahead. At the same time, 73 percent see an increase in the prices they'll be receiving for their finished goods six months from now.

In short, area executives foresee business activity expanding at a brisk pace into the summer months. However they also see a regional economy plagued by mounting inflationary pressures.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

INDICATOR	March vs. February			Six Months From Now vs. February		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	0.0	30.8	67.3	9.6	17.3	73.1
COMPANY BUSINESS INDICATORS						
New Orders	3.8	21.2	71.2	7.7	17.3	71.2
Shipments	1.9	30.8	67.3	3.8	17.3	78.8
Unfilled Orders	1.9	38.5	55.8	7.7	46.2	42.3
Delivery Time	3.8	65.4	26.9	13.5	55.8	28.8
Inventories	7.7	55.8	36.5	23.1	36.5	40.4
Prices Paid	1.9	28.8	69.2	1.9	13.5	84.6
Prices Received	1.9	61.5	34.6	1.9	25.0	73.1
Number of Employees	3.8	71.2	25.0	3.8	46.2	50.0
Average Employee Workweek	1.9	71.2	25.0	13.5	61.5	21.2
Capital Expenditures				5.8	34.6	57.7

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