

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

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BUSINESS OUTLOOK SURVEY  
Summary of Returns  
May 1973

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 regional economy is continuing its expansion according to area businessmen. The latest Business Outlook Survey of large manufacturers in the Third Federal Reserve District shows most key economic indicators continuing to rise. For example, over six times as many firms are chalking up advances in new orders and sales as are reporting decreases. And, all of the businessmen polled feel that the regional economy as a whole shows no sign of slowing.

Area manufacturers are also bullish on the longer term outlook. More than three quarters of the responding executives expect the current high level of activity in the region to continue at least through the next six months. This optimism for the region probably stems from the sales expectations they have for their own firms. For example, over 70 percent of the manufacturers canvassed predict that the level of their sales and new orders six months from now will be as high or higher than current levels. In anticipation of this increase in demand, over 20 percent of the responding firms plan to add employees over the next half year.

The optimism that responding executives feel about the economy is tempered only by their concern over inflation. Over 78 percent of the respondents expect to be paying higher prices by November for their manufacturing

inputs, while more than six out of ten forecast an increase in prices received for manufactured goods.

In short, area executives expect the business expansion currently underway to continue through the summer. Production prospects look promising and employment opportunities continue to open up slowly. But upward price pressure lingers in the months ahead.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

MAY 1973

INDICATOR	May vs. April			Six Months From Now vs. May		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	0.0	54.8	45.2	16.7	33.3	47.6
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	7.1	45.2	47.6	23.8	31.0	42.9
Shipments	9.5	28.6	59.5	7.1	45.2	42.9
Unfilled Orders	11.9	50.0	33.3	19.0	52.4	23.8
Delivery Time	4.8	81.0	9.5	16.7	69.0	9.5
Inventories	16.7	50.0	28.6	21.4	52.4	23.8
Prices Paid	0.0	33.3	66.7	2.4	19.0	78.6
Prices Received	0.0	59.5	40.5	2.4	31.0	66.7
Number of Employees	4.8	73.8	21.4	7.1	69.0	23.8
Average Employee Workweek	7.1	78.6	11.9	11.9	64.3	21.4
Capital Expenditures				0.0	54.8	42.9

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