

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

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BUSINESS OUTLOOK SURVEY

Summary of Returns

October 1973

This Summary of Returns reports on the October 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 feel that the regional economy's business expansion is continuing to move ahead slowly. According to the latest Business Outlook Survey of manufacturers in the Third Federal Reserve District new orders, shipments, unfilled orders and delivery times are still rising. The employment situation is improving too. Among the minority of firms that are changing the size of their labor force, several times as many firms are hiring as are laying off workers.

Looking six months into the future, the outlook contains elements of pessimism. The number of respondents expecting their new orders, unfilled orders, and delivery times to be down by spring is about twice as large as the number expecting increases in these areas. Overall, these decreases should be small, however, because half those surveyed expect no change in these key business indicators.

Expectations of continuing price inflation are widespread. Not a single respondent to this month's Survey reports paying lower prices for his firm's productive inputs. And none of the firms contacted are lowering the prices they charge. Furthermore, the Survey indicates that these inflationary expectations continue into the six-month period ahead. By spring 83 percent of the firms contacted expect to be paying higher prices. Only a few of the responding firms expect to lower their own prices by spring.

The rising prices which are currently being reported may result, in part, from temporary bottlenecks in the area's economy. A shortage of some producers goods is highlighted by the plans of many respondents to increase capital expenditures in the six months ahead even though the level of general business activity is expected to be down somewhat.

In summary, area executives report that the advances in business activity experienced over the last three years are continuing, but at a slower pace. Moreover, these businessmen anticipate that this slowdown in economic growth will be complicated by continuing inflation.

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SUMMARY OF RETURNS
OCTOBER 1973

INDICATOR	October vs. September			Six Months From Now vs. October		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	8.3	64.6	25.0	33.3	50.0	14.6
COMPANY BUSINESS INDICATORS						
New Orders	14.6	66.7	18.8	37.5	41.7	20.8
Shipments	10.4	47.9	41.7	18.8	54.2	25.0
Unfilled Orders	12.5	70.8	16.7	33.3	52.1	14.6
Delivery Time	4.2	77.1	16.7	27.1	60.4	12.5
Inventories	18.8	60.4	20.8	31.3	43.8	25.0
Prices Paid	0.0	25.0	75.0	0.0	16.7	83.3
Prices Received	0.0	64.6	35.4	2.1	22.9	75.0
Number of Employees	2.1	83.3	14.6	10.4	68.8	20.8
Average Employee Workweek	2.1	91.7	6.3	10.4	79.2	8.3
Capital Expenditures				12.5	50.0	31.3

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