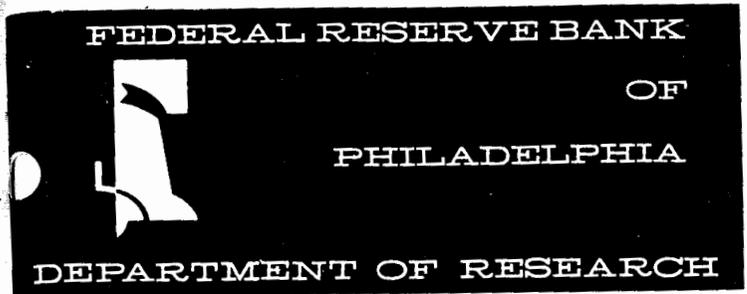


B. Turnbull



BUSINESS OUTLOOK SURVEY
Summary of Returns
December 1975

This Summary of Returns reports on the December 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.

Economic recovery in the region has slowed further in the last month. Only 24 percent of the respondents to this month's survey of large manufacturing firms in the Third Federal Reserve District report a higher level of economic activity. By comparison, in each of the previous 4 surveys, 40 percent or more reported gains over the previous month. For the first time in several months, area executives report that new orders and shipments failed to increase. At the same time, additional inventory liquidation is occurring. About 40 percent of the businessmen report that goods on hand now are below last month's levels.

Employment is at a standstill. Jobs in manufacturing are down slightly and the workweek is marginally shorter. On the price front, manufacturers report that supplies cost more this month, but the pace of inflation in this sector has moderated since last month. Thirty-two percent of the respondents to the current survey report paying higher prices for their supplies compared to 52 percent last month.

The outlook for the next two quarters is somewhat less optimistic than in recent months. Of the manufacturers polled, 70 percent anticipate a higher level of economic activity by June. This is the smallest proportion of respondents expecting improvement over the next half-year since last March. Nonetheless, manufacturers still look for new orders and shipments

to be higher, and inventories are expected to grow. The workweek is expected to be longer, and more than half of those surveyed plan to add to their work forces over the next two quarters. At the same time, capital expenditures are likely to be up since about a third of the respondents are planning increases over the period.

According to area manufacturers, more inflation is in the cards as well. Ninety-two percent of the respondents expect to be paying more for their supplies by June while nearly 75 percent anticipate higher price tags for the products they sell.

In short, the pace of recovery in the regional economy slackened this month, but manufacturers in the District look for more gains by June. Output and employment are expected to grow, but more inflation is expected to accompany the expansion.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS December 1975

INDICATOR	December vs. November			Six Months from Now vs. December		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	10.0	64.0	24.0	4.0	20.0	70.0
COMPANY BUSINESS INDICATORS						
New Orders	22.0	60.0	16.0	4.0	22.0	72.0
Shipments	18.0	64.0	18.0	6.0	28.0	64.0
Unfilled Orders	22.0	60.0	16.0	8.0	48.0	38.0
Delivery Time	8.0	84.0	4.0	10.0	68.0	14.0
Inventories	40.0	38.0	22.0	26.0	38.0	34.0
Prices Paid	0.0	68.0	32.0	0.0	8.0	92.0
Prices Received	4.0	68.0	28.0	4.0	22.0	74.0
Number of Employees	14.0	76.0	10.0	6.0	40.0	52.0
Average Employee Workweek	12.0	82.0	4.0	6.0	66.0	26.0
Capital Expenditures				6.0	60.0	32.0

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