

FEDERAL RESERVE BANK
OF
PHILADELPHIA



Research Department

Not for publication

BUSINESS OPINION OUTLOOK
Summary of Returns
May 1968

This Summary of Returns reports on the initial responses to the Business Opinion Outlook survey conducted by the Federal Reserve Bank of Philadelphia. Polling a sample of Third District manufacturing firms with 500 or more employees, its purpose is to provide an insight into business expectations.

Manufacturers in the Third Federal Reserve District look for general business conditions in May and June to be as good as or better than in April. Roughly one-half of them expect business to be the same, and almost as many expect increased levels of activity.

At the same time, looking six months down the line, most of them expect gains, but significantly, a sizable number look for a decrease. One reason for the latter may be that two out of five expect a decline in inventories later in the year. Another may be that businessmen simply find it harder to see six months ahead than two.

The longer-term basis for increased business activity rests on expected gains in shipments and new orders. Manufacturers look for an increasing number of employees and a longer work week, a pattern consistent with their view of growth in shipments and new orders. This expected growth in production and resource utilization is reflected in expectations of higher prices which a growing proportion foresees in the latter part of the year. Faced with the prospect of rising activity from an already high point, these same businessmen increasingly anticipate the prospect of getting some, but apparently not complete, relief from rising prices by boosting their own prices.

BUSINESS OPINION OUTLOOK

SUMMARY TABLE OF RETURNS
May 1968

INDICATOR	Apr. vs. Mar.		May vs. Apr.		June vs. May		Nov. vs. May	
	No Change	Increase	No Change	Increase	No Change	Increase	No Change	Increase

GENERAL BUSINESS CONDITIONS

1. What is your evaluation of the level of general business activity?	15.3	34.7	50.0	8.3	45.8	45.8	5.6	54.2	40.3	25.0	26.4	47.2
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COMPANY BUSINESS INDICATORS

2. Shipments	23.6	26.4	48.6	6.9	45.8	43.1	6.9	48.6	41.7	19.4	22.2	55.6
3. New Orders	20.8	25.0	47.2	8.3	36.1	47.2	11.1	40.3	38.9	18.1	29.2	44.4
4. Unfilled Orders	20.8	43.1	27.8	15.3	50.0	25.0	16.7	50.0	22.2	25.0	37.5	27.8
5. Delivery Time	23.6	56.9	13.9	9.7	69.4	12.5	11.1	69.4	11.1	18.1	58.3	16.7
6. Inventories	25.0	36.1	37.5	18.1	47.2	31.9	20.8	47.2	27.8	41.7	25.0	27.8
7. Prices Paid	0	43.1	56.9	0	52.8	44.4	0	54.2	41.7	0	20.8	75.0
8. Prices Received	4.2	65.3	26.4	4.2	70.8	19.4	4.2	72.2	15.3	5.6	41.7	47.2
9. Number of Employees	16.7	55.6	27.8	5.6	75.0	16.7	8.3	66.7	20.8	13.9	43.1	38.9
10. Average Employee Work Week	15.3	65.3	16.7	6.9	75.0	12.5	5.6	75.0	12.5	16.7	51.4	26.4
11. Capital Expenditures										12.5	44.4	34.7

Note: Items may not add up to 100 per cent due to no reply on some completed questionnaires.