

FEDERAL RESERVE BANK
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Research Department

NOT FOR PUBLICATION

BUSINESS OPINION OUTLOOK
Summary of Returns
June 1968

This Summary of Returns reports on the June responses to the Business Opinion Outlook Survey conducted by the Federal Reserve Bank of Philadelphia. Its purpose is to provide an insight into business expectations in the Third District. The survey sample polls manufacturing firms with 500 or more employees.

Third District business conditions in June and July are expected to range from unchanged to better than May. This is the view expressed by a majority of manufacturers responding to the current Business Outlook Survey. By year-end, however, the majority of respondents envisage an improvement over prevailing levels of activity. This represents a firming-up of attitudes over last month, and is manifested in stronger expectations of increased shipments, new orders, and order backlogs. Additionally, inventories appear to be a greater source of stimulus than thought earlier. In contrast with the two out of five respondents last month expecting a drop in inventories by year-end, this proportion has fallen to less than one out of every three who replied. Similarly, the proportion of those expecting higher year-end stocks has risen from one-fourth to one-third.

This anticipation of increased business activity is reflected in expectations of sustained high levels of employment and hours of work. Respondents continue to expect prices paid by them to rise; however, expectations of higher prices received for their products are somewhat stronger than expressed a month ago, suggesting a greater degree of price relief is now anticipated.

