

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
September 1969

This Summary of Returns reports on the September 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.

Expectations for a business slowdown continue, according to manufacturers in the Third Federal Reserve District. The latest Business Outlook Survey shows that nearly one-half of the corporate executives polled anticipate lower levels of business activity six months ahead. Area businessmen, however, do not foresee major layoffs or drastically reduced workweeks. The inflationary psychology remains strong, with three out of five manufacturers expecting to pay higher prices a half year from now.

The bearish outlook on the part of top management stems from a projected weakening of product demand. Fewer than two out of five respondents expect new orders and shipments to rise over the next six months. This contrasts sharply with the outlook in early spring when rising expectations dominated the sales outlook.

Despite a softening in demand, most firms plan to maintain the present size of their labor force. One reason for this may be that manufacturers anticipate only a pause in economic activity rather than a recession; therefore, they may feel that hoarding skilled labor is cheaper than laying off and then attempting to rehire workers with scarce skills. Although the hoarding of labor would tend to minimize

unemployment in the event of an economic slowdown, it certainly would not preclude rising unemployment for the economy as a whole. With productivity advances and an expanding pool of manpower because of increasing population, new jobs need to be created -- not just old ones maintained -- if the ranks of the unemployed are not to swell.

On the price front, businessmen provide little encouragement for a quick end to inflation. The legacy of three years of rapidly rising prices has left behind an inflationary psychology that is proving very difficult to dampen.

BUSINESS OUTLOOK SURVEY

SUMMARY TABLE OF RETURNS

September 1969

INDICATOR	August vs. July			September vs. August			October vs. September			Six Months From vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS												
What is your evaluation of the level of general business activity?	11.7	60.0	26.7	6.7	70.0	21.7	11.7	65.0	21.7	46.7	26.7	25.0
COMPANY BUSINESS INDICATORS												
New Orders	16.7	43.3	38.3	16.7	48.3	33.3	10.0	55.0	33.3	30.0	31.7	36.7
Shipments	18.3	40.0	41.7	11.7	56.7	31.7	8.3	55.0	36.7	25.0	36.7	38.3
Unfilled Orders	18.3	43.3	35.0	16.7	56.7	23.3	13.3	65.0	16.7	31.7	41.7	23.3
Delivery Time	3.3	73.3	21.7	8.3	81.7	8.3	5.0	80.0	11.7	20.0	71.7	5.0
Inventories	28.3	53.3	18.3	16.7	58.3	25.0	23.3	50.0	25.0	30.0	41.7	28.3
Prices Paid	0.0	51.7	45.0	0.0	53.3	43.3	0.0	56.7	40.0	1.7	30.0	65.0
Prices Received	1.7	78.3	15.0	0.0	66.7	28.3	0.0	78.3	16.7	3.3	55.0	36.7
Number of Employees	6.7	81.7	10.0	6.7	73.3	18.3	3.3	85.0	10.0	11.7	71.7	15.0
Average Employee Workweek	8.3	80.0	10.0	5.0	81.7	11.7	5.0	85.0	8.3	11.7	86.7	0.0
Capital Expenditures										25.0	30.0	30.0

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