



BUSINESS OUTLOOK SURVEY
Summary of Returns
October 1969

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 businessmen continue to foresee a slowdown in the economy. The current Business Outlook Survey shows that seven out of ten manufacturers in the Third Federal Reserve District anticipate either a decline or no change in the level of general business activity over the next six months. By an even larger margin, they expect employment either to hold the line or drop off during the same period. Inflationary expectations on the part of business executives remain strong as well.

Underlying this bearish outlook of regional manufacturers is the expected softness in new orders, shipments, and order backlogs. Fewer than two out of five respondents have rising expectations for new orders and shipments, while less than a quarter foresee a step-up in unfilled orders six months hence. With a projected weakening of product demand, most manufacturers plan either to halt inventory accumulation or actually to liquidate some of their existing stocks.

With a slippage in sales and a dip in stocks in prospect, businessmen also will have to cut back on production schedules. Yet, most manufacturers indicate they intend to maintain the present size of their labor force. This suggests declining productivity, rising costs per unit of output, and a squeeze on profits--all of which are classic characteristics of a business slowdown.

The outlook for prices is that inflation will continue. Over 60 per cent of the businessmen responding expect prices to be higher six months from now. The return to some semblance of price stability remains, at least for businessmen, a distant goal.

BUSINESS OUTLOOK SURVEY

SUMMARY TABLE OF RETURNS

October 1969

INDICATOR	September vs. August			October vs. September			November vs. October			Six Months From Now vs. October		
	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?	20.0	65.5	12.7	7.3	70.9	20.0	27.3	60.0	10.9	47.3	21.8	29.1
COMPANY BUSINESS INDICATORS												
New Orders	23.6	49.1	25.5	14.5	60.0	23.6	23.6	60.0	14.5	34.5	23.6	38.2
Shipments	18.7	56.4	23.6	9.1	60.0	29.1	12.7	69.1	16.4	30.9	29.1	36.4
Unfilled Orders	27.3	49.1	20.0	30.9	58.2	7.3	23.6	65.5	7.3	36.4	34.5	23.6
Delivery Time	5.5	81.8	9.1	10.9	78.2	7.3	7.3	87.3	1.8	14.5	72.7	7.3
Inventories	20.0	56.4	23.6	27.3	56.4	16.4	21.8	58.2	20.0	43.6	30.9	25.5
Prices Paid	0.0	50.9	47.3	0.0	65.5	32.7	1.8	72.7	23.6	0.0	34.5	63.6
Prices Received	3.6	67.3	27.3	0.0	83.6	14.5	0.0	87.3	10.9	5.5	56.4	36.4
Number of Employees	10.9	72.7	12.7	10.9	74.5	10.9	5.5	81.8	7.3	10.9	65.5	18.2
Average Employee Workweek	3.6	85.5	9.1	5.5	83.6	9.1	5.5	89.1	3.6	12.7	78.2	5.5
Capital Expenditures										27.3	34.5	29.1

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