

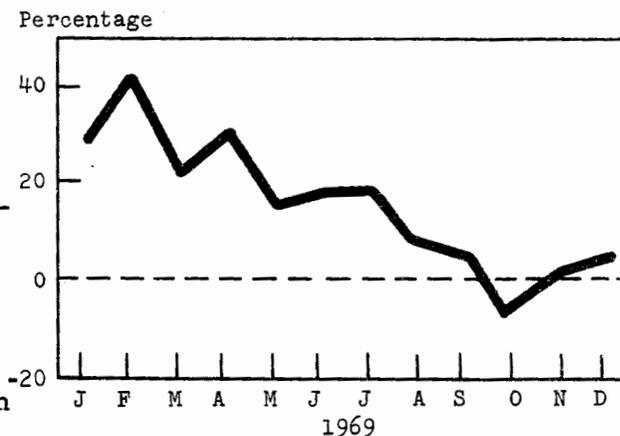
This Summary of Returns reports on the December responses to the Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia. Its purpose is to provide an insight into Third District business conditions. The Survey sample polls manufacturing firms with 500 or more employees.

Area businessmen are much less bearish about the economic outlook than at any time since last spring, according to the December Business Outlook Survey. For the first time in eight months, manufacturers in the Third Federal Reserve District expecting an increase in the general level of business activity a half year ahead slightly outnumber those expecting a decline in business. However, an expansionist consensus has not yet emerged. But judging from the last several surveys, regional business opinion appears headed in this direction.

The movement away from falling expectations in general may reflect renewed optimism at the company level. Half the executives polled say they anticipate new orders and sales to be higher for their own firms six months from now. Only about one in four expects a decline in these indicators between now and mid-1970.

Less bearishness about the general economy and more optimism about individual company performance probably account for the recent upswing in capital spending plans. The chart shows the percentage of respondents expecting an increase minus those expecting a

CAPITAL EXPENDITURE PLANS  
 SIX MONTHS AHEAD\*



\*(Percentage of respondents expecting an increase minus those expecting a decrease)

decrease in capital expenditures over the next six months. Back in February the number of area manufacturers planning to increase capital outlays greatly exceeded the number who planned decreases. As 1969 progressed, however, this difference continued to drop. By October, more firms planned a cutback in investment spending than planned an increase. But as the year ends, this downward trend apparently has been reversed. For the first time in three months, more firms plan increases in investment spending than plan decreases.

On the price front, the outlook remains inflationary. Over 60 per cent of the manufacturers responding expect prices to be higher six months from now. So, as area businessmen peer into the second half of 1970, they see a lot of what they have been seeing for the past four years -- an expanding, inflationary economy.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS

December 1969

INDICATOR	November vs. October			December vs. November			January vs. December			Six Months From Now vs. December		
	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?	30.4	54.3	10.9	34.8	52.2	8.7	28.3	50.0	17.4	28.3	32.6	34.8
COMPANY BUSINESS INDICATORS												
New Orders	30.4	43.5	23.9	28.3	58.7	10.9	17.4	56.5	23.9	21.7	26.1	50.0
Shipments	37.0	50.0	13.0	26.1	47.8	26.1	23.9	45.7	30.4	26.1	21.7	50.0
Unfilled Orders	19.6	50.0	26.1	34.8	56.5	4.3	13.0	63.0	19.6	23.9	37.0	34.8
Delivery Time	10.9	76.1	8.7	15.2	76.1	4.3	10.9	78.3	6.5	15.2	65.2	15.2
Inventories	28.3	52.2	19.6	26.1	58.7	15.2	26.1	45.7	28.3	28.3	39.1	32.6
Prices Paid	0.0	60.9	37.6	0.0	67.4	30.4	0.0	63.0	34.8	2.2	32.6	63.0
Prices Received	2.2	80.4	15.2	2.2	80.4	15.2	4.3	76.1	17.4	6.5	45.7	45.7
Number of Employees	10.9	73.9	13.0	10.9	80.4	6.5	10.9	76.1	10.9	13.0	56.5	28.3
Average Employee Workweek	10.9	84.8	2.2	8.7	87.0	2.2	4.3	89.1	4.3	13.0	67.4	17.4
Capital Expenditures										21.7	41.3	26.1

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