



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
January 1971

This Summary of Returns reports on the January 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.

A modest increase in regional business activity appears to be underway, according to manufacturers in the Third Federal Reserve District. The latest Business Outlook Survey shows that for January, more than twice as many manufacturers are experiencing increases in sales and new orders than are realizing decreases. However, part of this increase in business activity may be attributed to stepped-up production at General Motors in the aftermath of its strike rather than to a major shift in underlying economic trends. And until the firmness of the recovery is definitely established, area manufacturers are reluctant to hire additional employees.

Despite this "wait-and-see" attitude for the near term, area executives do forecast an upward path for the regional economy during the next six months. Approximately two out of three respondents say they expect sales and new orders to be higher for their own firms a half a year ahead. Moreover, one out of four firms expects to be hiring additional employees by mid-year. On balance, though, area firms still plan to hold the line on spending for new plant and equipment. The number of firms planning boosts in capital outlays just about equals the number anticipating a decrease.

The outlook for prices remains inflationary. Most businessmen polled expect to be paying as well as receiving higher prices over the next six months. In short, area executives foresee a mild pickup in the regional economy along with a continuation of inflationary pressures.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

JANUARY 1971

INDICATOR	December vs. November			January vs. December			February vs. January			Six Months From Now vs. January		
	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?	30.8	46.2	21.2	9.6	46.2	42.3	3.8	38.5	53.8	0.0	19.2	76.9
COMPANY BUSINESS INDICATORS												
New Orders	46.2	36.5	15.4	11.5	42.3	46.2	7.7	46.2	44.2	13.5	19.2	67.3
Shipments	38.5	42.3	19.2	17.3	38.5	44.2	3.8	51.9	42.3	15.4	21.2	61.5
Unfilled Orders	34.6	50.0	13.5	25.0	51.9	21.2	9.6	73.1	13.5	13.5	46.2	38.5
Delivery Time	15.4	73.1	5.8	11.5	75.0	7.7	9.6	76.9	5.8	7.7	71.2	15.4
Inventories	26.9	53.8	19.2	15.4	59.6	25.0	15.4	67.3	15.4	21.2	44.2	34.6
Prices Paid	0.0	73.1	23.1	0.0	65.4	32.7	0.0	73.1	23.1	1.9	30.8	65.4
Prices Received	3.8	75.0	19.2	1.9	75.0	21.2	0.0	76.9	19.2	1.9	38.5	57.7
Number of Employees	19.2	73.1	3.8	11.5	75.0	7.7	5.8	84.6	3.8	11.5	59.6	25.0
Average Employee Workweek	23.1	73.1	1.9	9.6	78.8	7.7	3.8	84.6	7.7	7.7	65.4	25.0
Capital Expenditures										19.2	50.0	23.1

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