

FEDERAL RESERVE BANK

OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

March 1971

This Summary of Returns reports on the March 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.

The modest business expansion which began in January is expected to continue, according to manufacturers in the Third Federal Reserve District. The latest Business Outlook Survey shows that more than four times as many manufacturers polled are experiencing increases in sales and new orders for March than are realizing decreases. Moreover, area executives foresee this mild expansion in regional business activity continuing during the immediate months ahead. Nevertheless, area businessmen continue to remain cautious with respect to hiring additional employees until the firmness of the current recovery is fully established.

Looking beyond the immediate period, regional manufacturers are increasingly optimistic for the second half of 1971. Approximately three out of four executives canvassed foresee sales and new orders increasing six months out. In anticipation of these increased sales, one-third of the responding firms expects to be adding to their payrolls a half a year ahead. And fulfillment of these hiring plans would be a big plus in brightening the employment picture in the region for the second half of 1971.

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 1971, they see an expanding economy with more jobs available. But they also believe that inflation will be an ongoing problem.

BUSINESS OUTLOOK SURVEY
SUMMARY OF RETURNS
MARCH 1971

INDICATOR	February vs. January			March vs. February			April vs. March			Six Months From Now vs. March		
	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?	11.1	60.0	26.7	4.4	48.9	46.7	0.0	42.2	57.8	0.0	13.3	86.7
COMPANY BUSINESS INDICATORS												
New Orders	13.3	46.7	35.6	8.9	46.7	42.2	11.1	35.6	51.1	6.7	13.3	73.3
Shipments	15.6	44.4	35.6	11.1	37.8	51.1	17.8	42.2	40.0	6.7	15.6	73.3
Unfilled Orders	28.9	44.4	17.8	26.7	46.7	20.0	15.6	53.3	24.4	6.7	28.9	55.6
Delivery Time	6.7	77.8	6.7	8.9	77.8	6.7	6.7	82.2	4.4	6.7	68.9	17.8
Inventories	24.4	46.7	26.7	31.1	48.9	20.0	17.8	57.8	22.2	15.6	37.8	46.7
Prices Paid	2.2	71.1	22.2	0.0	73.3	24.4	0.0	71.1	28.9	0.0	37.8	62.2
Prices Received	4.4	86.7	6.7	8.9	80.0	11.1	2.2	75.6	22.2	2.2	37.8	60.0
Number of Employees	17.8	71.1	8.9	13.3	68.9	17.8	8.9	68.9	22.2	8.9	57.8	33.3
Average Employee Workweek	11.1	71.1	13.3	8.9	64.4	20.0	2.2	77.8	17.8	6.7	66.7	24.4
Capital Expenditures										20.0	55.6	17.8

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