

FEDERAL RESERVE BANK

OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

*Mr. Lawrence  
Fetto.*

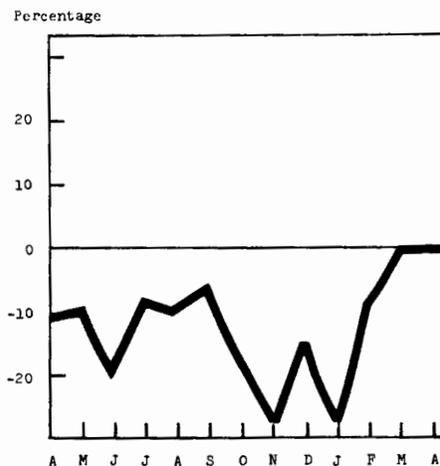
BUSINESS OUTLOOK SURVEY  
Summary of Returns  
May 1971

This Summary of Returns reports on the May 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 executives expect the pick-up in business activity which got underway back in January to continue. The latest Business Outlook Survey shows that for May, approximately four times as many manufacturers polled in Third Federal Reserve District are experiencing increases in new orders than are realizing decreases. In addition, almost three times as many respondents are registering increase in sales as are experiencing decreases. And area executives foresee the expansion continuing through the immediate months ahead.

The past five months of increased business activity is now having an expansionary impact on hiring plans of area firms. The chart shows the percentage of respondents that actually added to their work force minus the percentage that cutback on the number of employees. Starting back in April of 1970, more area manufacturers were laying off workers than were hiring them. Consequently, unemployment began rising sharply. However, the latest survey shows that for the second consecutive month, the number of respondents actually adding to their payrolls equals the number

EMPLOYMENT\*



\*(Percentage of respondents increasing number of employees minus those decreasing number of employees).

cutting back.

This evening out of layoffs and hirings, however, is probably not enough to check rising unemployment. The reason is that with an expanding pool of manpower because of increasing population and returning servicemen, new jobs need to be created not just old ones maintained, if the ranks of the unemployed are not to grow.

But looking towards the end of the year, area executives believe that the economy will be expanding fast enough to create new jobs. And if they are right, the rate of unemployment will likely be falling by late 1971.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS

MAY 1971

INDICATOR	April vs. March			May vs. April			June vs. May			Six Months From Now vs. May		
	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?	6.3	54.2	39.6	2.1	50.0	47.9	0.0	47.9	52.1	0.0	16.7	83.3
COMPANY BUSINESS INDICATORS												
New Orders	22.9	37.5	37.5	10.4	45.8	41.7	6.3	50.0	41.7	2.1	22.9	72.9
Shipments	22.9	41.7	35.4	14.6	43.8	41.7	4.2	43.8	52.1	0.0	25.0	75.0
Unfilled Orders	27.1	43.8	25.0	16.7	50.0	29.2	14.6	64.6	16.7	4.2	39.6	50.0
Delivery Time	10.4	77.1	8.3	4.2	85.4	6.3	6.3	83.3	6.3	8.3	60.4	27.1
Inventories	29.2	41.7	29.2	18.8	58.3	22.9	14.6	58.3	27.1	18.8	39.6	41.7
Prices Paid	0.0	66.7	31.3	0.0	68.8	29.2	0.0	64.6	33.3	0.0	22.9	75.0
Prices Received	6.3	83.3	8.3	2.1	87.5	8.3	2.1	77.1	18.8	2.1	31.3	64.6
Number of Employees	14.6	68.8	14.6	8.3	70.8	18.8	4.2	83.3	10.4	10.4	45.8	41.7
Average Employee Workweek	6.3	68.8	20.8	2.1	77.1	16.7	2.1	79.2	12.5	6.3	64.6	25.0
Capital Expenditures										12.5	64.6	16.7

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