

FEDERAL RESERVE BANK

OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
August 1971

This Summary of Returns reports on the August 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 moderate business expansion which got underway early this year is continuing, according to area executives. The latest Business Outlook Survey shows that for August about as many manufacturers polled in the Third Federal Reserve District are experiencing increases in sales and new orders as are registering "no change". And, area executives foresee this mild expansion continuing through the immediate weeks ahead.

Looking to the longer term, the August survey, which was conducted prior to the President's dramatic announcement of a major shift in economic policy, indicates that three-quarters of the manufacturers canvassed expect the expansion to continue at a moderate pace at least through the first few months of 1972. As a result of this anticipated business expansion, twice as many firms polled plan to add employees as plan to trim payrolls. In addition, most area manufacturers expect the expansion to be plagued by continuing inflation.

A limited recheck of area executives since President Nixon's speech, however, indicates that their expectations about the future

course of the economy have brightened. They now feel that the tempo of economic recovery will likely quicken and inflationary pressures probably will subside sooner. But the magnitude of this increased optimism will not be known until area businessmen have had more of an opportunity to assess the impact of the new economic initiatives on their own firms.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

AUGUST 1971

INDICATOR	July vs. June			August vs. July			September vs. August			Six Months From Now vs. August		
	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?	36.0	44.0	18.0	4.0	62.0	30.0	2.0	48.0	46.0	0.0	22.0	74.0
COMPANY BUSINESS INDICATORS												
New Orders	46.0	28.0	24.0	6.0	44.0	46.0	2.0	44.0	50.0	6.0	24.0	66.0
Shipments	42.0	38.0	18.0	8.0	44.0	44.0	6.0	42.0	48.0	8.0	30.0	58.0
Unfilled Orders	30.0	44.0	22.0	16.0	50.0	28.0	8.0	56.0	30.0	6.0	50.0	38.0
Delivery Time	10.0	78.0	6.0	6.0	84.0	4.0	2.0	80.0	12.0	8.0	74.0	12.0
Inventories	28.0	40.0	28.0	22.0	56.0	18.0	12.0	60.0	24.0	24.0	46.0	26.0
Prices Paid	0.0	66.0	26.0	0.0	54.0	38.0	0.0	60.0	32.0	0.0	20.0	72.0
Prices Received	4.0	76.0	14.0	4.0	74.0	16.0	2.0	68.0	24.0	6.0	40.0	48.0
Number of Employees	24.0	60.0	8.0	14.0	66.0	12.0	14.0	64.0	14.0	12.0	54.0	26.0
Average Employee Workweek	14.0	68.0	8.0	6.0	72.0	12.0	2.0	74.0	14.0	2.0	66.0	22.0
Capital Expenditures										18.0	48.0	26.0

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