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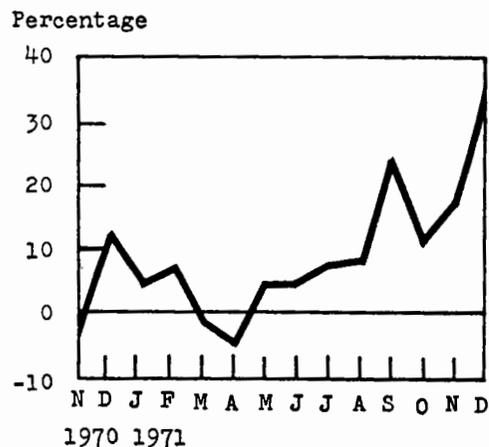
BUSINESS OUTLOOK SURVEY  
 Summary of Returns  
 December 1971

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 business executives are optimistic about the regional economy. The latest Business Outlook Survey among large manufacturers in the Third Federal Reserve District shows that while most of the key business indicators displayed no significant change from their November level, almost 40 per cent of those polled foresee increases in sales and new orders for January.

Looking ahead six months, three out of four executives canvassed anticipate an increase in general business activity. Regional manufacturers are also bullish about the outlook for new orders and sales a half year ahead. An additional element of optimism in the regional economy is the stepup planned for capital expenditures. As shown in the chart, an impressive turnaround in capital spending plans by area manufacturers appears to be taking place. During the first half of 1971, the proportion of firms planning a boost in plant and equipment outlays for the most part

CAPITAL EXPENDITURE PLANS  
 SIX MONTHS AHEAD\*



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

was just about matched by those expecting a cutback. Since September, the proportion planning an increase has forged ahead. Not since early 1969 has the outlook for capital spending been as strong as it is for December.

Prices continue to remain steady and the employment picture looks brighter. About four times as many area business firms expect to be adding to payrolls as plan a reduction. In summary, manufacturers expect a pickup in the pace of business expansion in 1972. And, unlike much of 1971, capital expenditures next year will be a boost rather than a drag on the economy.

## BUSINESS OUTLOOK SURVEY

### SUMMARY OF RETURNS

DECEMBER 1971

INDICATOR	November vs. October			December vs. November			January vs. December			Six Months From November vs. December		
	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>												
What is your evaluation of the level of general business activity?	7.1	47.6	42.9	11.9	59.5	26.2	4.8	52.4	38.1	2.4	16.7	76.0
<b>COMPANY BUSINESS INDICATORS</b>												
New Orders	14.3	38.1	45.2	23.8	57.1	16.7	2.4	54.8	40.5	4.8	19.0	73.8
Shipments	14.3	52.4	33.3	23.8	61.9	14.3	7.1	54.8	38.1	7.1	11.9	81.0
Unfilled Orders	16.7	59.5	21.4	21.4	69.0	7.1	7.1	64.3	26.2	4.8	42.9	50.0
Delivery Time	2.4	83.3	11.9	7.1	88.1	2.4	7.1	85.7	4.8	7.1	64.3	26.0
Inventories	19.0	59.5	21.4	14.3	69.0	16.7	14.3	59.5	26.2	23.8	45.2	31.0
Prices Paid	0.0	85.7	14.3	0.0	81.0	19.0	2.4	69.0	28.6	2.4	28.6	69.0
Prices Received	2.4	88.1	9.5	2.4	88.1	9.5	2.4	81.0	16.7	4.8	50.0	45.0
Number of Employees	4.8	90.5	4.8	9.5	85.7	4.8	4.8	83.3	11.9	9.5	54.8	35.0
Average Employee Workweek	4.8	78.6	16.7	11.9	85.7	2.4	2.4	88.1	9.5	4.8	71.4	23.8
Capital Expenditures										7.1	50.0	42.9

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