

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

July 1973

This Summary of Returns reports on the July 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 report that the regional economy is continuing its upward course but at a somewhat slower pace. The current expansion seems to be losing some of its vigor, but the outlook is still basically positive. The latest Business Outlook Survey of the Third Federal Reserve District finds the majority of area businessmen reporting either stable or increasing levels of production. Most key indicators, such as new orders and shipments, have changed little since last month; they are still rising. And, employment is up slightly as area firms report more hirings than layoffs.

Looking six months ahead, area executives expect business activity to be still higher by the end of the year. More of the manufacturers surveyed are expecting increases in new orders and shipments than are expecting decreases. However, they don't plan to increase their labor forces accordingly. As many firms are planning to cut their labor forces as are planning to expand them in the next six months.

Some gains are being made on the inflation front in the Third District. Prices are frozen at every firm contacted. The surveyed businessmen report that their own prices are holding steady despite the fact that one out of five must pay higher prices for raw materials than last month. However,

many responding executives are worried about inflation during the last half of the year. Over half the executives polled expect to be charging higher prices for their products and over 70 percent expect to be paying more for their raw materials by January, 1974.

In summary, the business climate is good and is expected to continue that way through the rest of the year. But, these bright prospects are clouded by growing uncertainty about business in 1974 and by widespread fears of more inflation in that last half of the year.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

July 1973

INDICATOR	July vs. June			Six Months From Now vs. July		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	9.5	69.0	21.4	21.4	45.2	33.3
COMPANY BUSINESS INDICATORS						
New Orders	11.9	61.9	26.2	21.4	47.6	31.0
Shipments	23.8	59.5	16.7	11.9	52.4	35.7
Unfilled Orders	7.1	69.0	21.4	23.8	52.4	19.0
Delivery Time	2.4	78.6	16.7	16.7	64.3	16.7
Inventories	9.5	57.1	31.0	23.8	52.4	23.8
Prices Paid	0.0	81.0	19.0	0.0	28.6	71.4
Prices Received	0.0	100.0	0.0	0.0	47.6	52.4
Number of Employees	2.4	88.1	9.5	16.7	64.3	16.7
Average Employee Workweek	0.0	95.2	4.8	9.5	88.1	2.4
Capital Expenditures				14.3	47.6	33.3

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