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OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

August 1973

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.

Area executives report that business activity is still increasing but at a slower rate than past months. This month's Business Outlook Survey shows that new orders, shipments, unfilled orders, and delivery times have all increased slightly. In addition, more firms reported new hirings than reported layoffs.

When asked to look six months into the future, area businessmen made less favorable reports. The number of firms expecting decreases in their new orders, shipments, unfilled orders and delivery times by the year's end slightly exceeded the number of firms expecting increases. And, over one-third of the firms expect a decreased level of general business activity in the six months ahead.

Although only a minority of the executives surveyed were bearish about the future, the proportion who are expecting a slowdown has been increasing recently. The figures below show how the pessimistic minority has grown. The figures represent the percent of area executives who expect decreases during the six months following the month in which they were surveyed.

	Month Surveyed		
	June	July	August
Expecting a decrease in general business activity:	16.7%	21.4%	38.9%

Inflation is still a problem for Third District businessmen. This month not a single firm contacted reported decreases in the prices it pays or the prices it receives. And six months from now, about two-thirds of the respondents report that they expect that prices will still be rising.

In short, area businessmen report another month of brisk business activity. But, they are less optimistic about future increases in business activity and the prospects for stable prices.

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SUMMARY OF RETURNS

AUGUST 1973

INDICATOR	August vs. July			Six Months From Now vs. August		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	7.4	59.3	31.5	38.9	33.3	25.9
COMPANY BUSINESS INDICATORS						
New Orders	13.0	51.9	31.5	37.0	37.0	24.1
Shipments	9.3	50.0	38.9	29.6	44.4	25.9
Unfilled Orders	14.8	61.1	20.4	29.6	51.9	16.7
Delivery Time	7.4	72.2	16.7	20.4	64.8	13.0
Inventories	18.5	53.7	25.9	25.9	46.3	27.8
Prices Paid	0.0	42.6	53.7	1.9	20.4	75.9
Prices Received	0.0	79.6	16.7	3.7	29.6	64.8
Number of Employees	3.7	77.8	16.7	13.0	72.2	14.8
Average Employee Workweek	0.0	92.6	5.6	11.1	85.2	3.7
Capital Expenditures				14.8	38.9	44.4

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