

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY

Summary of Returns

September 1973

This Summary of Returns reports on the September 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 regional economy is continuing its upward course but at a somewhat slower pace according to area executives. The latest Business Outlook Survey of manufacturing firms in the Third Federal Reserve District shows most are reporting either stable or increasing levels of production. Key indicators such as new orders, shipments, unfilled orders, and delivery times are up again this month, but not as much as in past months. This increased activity seems to be having a favorable effect on employment as more firms report hirings than layoffs.

The six-month outlook for the Third District has changed very little since last month. The number of executives expecting some softening in the area economy is still slightly higher than either those anticipating no change or further gains in business activity. Responses about the prospects for new orders, shipments, and order backlogs also mirror last month's survey results. Between 30 and 40 percent of the businessmen surveyed expect a slowdown, but they haven't won any converts during the last few weeks.

Nevertheless, area executives are bullish about their capital expenditure plans. More than twice as many respondents plan to boost capital expenditures than plan to cut them back over the next six months. This sector of the regional economy is expected to be an important area of strength in the months ahead.

Price increases are widespread. Many firms report that they are paying and charging higher prices. And most of the respondents expect prices to continue upward during the next six months.

In brief, the business climate is good in the Third District. However, many businessmen expect the past advances to level off in months ahead. And fears of continuing inflationary pressures still plague area executives.

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SUMMARY OF RETURNS

SEPTEMBER 1973

INDICATOR	September vs. August			Six Months From Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	10.9	69.6	19.6	37.0	32.6	28.3
COMPANY BUSINESS INDICATORS						
New Orders	13.0	60.9	23.9	39.1	34.8	23.9
Shipments	8.7	56.5	34.8	30.4	39.1	30.4
Unfilled Orders	10.9	67.4	17.4	32.6	45.7	17.4
Delivery Time	6.5	71.7	17.4	30.4	54.3	10.9
Inventories	15.2	65.2	17.4	19.6	50.0	28.3
Prices Paid	0.0	34.8	65.2	0.0	13.0	87.0
Prices Received	2.2	65.2	30.4	2.2	23.9	73.9
Number of Employees	4.3	78.3	17.4	15.2	63.0	21.7
Average Employee Workweek	4.3	80.4	13.0	13.0	80.4	4.3
Capital Expenditures				13.0	47.8	32.6

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