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BUSINESS OUTLOOK SURVEY  
Summary of Returns  
September 1974

FEDERAL RESERVE BANK



OF

PHILADELPHIA

DEPARTMENT OF RESEARCH

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 economy of the Third Federal Reserve District is somewhat static, but area businessmen are still looking for improvement by early 1975. Executives responding to the most recent Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia cite a mild pick-up of new order activity as one cause for their cautious optimism. Thirty percent of the businesses polled are experiencing increases in new orders while roughly twenty percent are seeing orders decline. Employment at the firms surveyed was steady during the month.

The survey respondents were mildly positive in their assessment of the local economy's future direction. The outlook for general business activity six months from now remains hopeful. Nearly half of the surveyed businessmen foresee some improvement by early 1975, while roughly one-quarter anticipate further softening of the economy. However, over the course of the last few surveys the proportion of executives who expect a deterioration in the business climate in the coming six months has been growing.

On balance, the outlook is for more new orders and a slight reduction in inventories during the months ahead. Employment is expected to be nearly steady. Capital expenditure plans continue to soften with only one out of four firms planning to increase spending over the next few months.

The steady upward price pressures of the last two years continue unabated. Nearly nine out of ten respondents expect to be paying higher prices in six months, and three quarters expect to be receiving higher prices for their own goods.

In sum, the manufacturing sector of the local economy, continues to be stable with area businessmen anticipating some upturn in the next half year. However, they foresee no dramatic improvement in employment prospects or relief from inflationary pressures.

### BUSINESS OUTLOOK SURVEY

#### SUMMARY OF RETURNS September 1974

INDICATOR	September vs. August			Six Months from Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
<b>GENERAL BUSINESS CONDITIONS</b>						
What is your evaluation of the level of general business activity?	14.9	70.2	14.9	23.4	29.8	46.8
<b>COMPANY BUSINESS INDICATORS</b>						
New Orders	19.1	51.1	29.8	25.5	27.7	46.8
Shipments	14.9	53.2	31.9	21.3	34.0	44.7
Unfilled Orders	19.1	63.8	14.9	25.5	55.3	17.0
Delivery Time	8.5	78.7	10.6	10.6	80.9	6.4
Inventories	21.3	46.8	31.9	36.2	34.0	29.8
Prices Paid	0.0	19.1	80.9	2.1	10.6	87.2
Prices Received	2.1	29.8	68.1	2.1	23.4	74.5
Number of Employees	10.6	78.7	10.6	14.9	66.0	19.1
Average Employee Workweek	6.4	80.9	12.8	10.6	80.9	8.5
Capital Expenditures				14.9	53.2	27.7

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