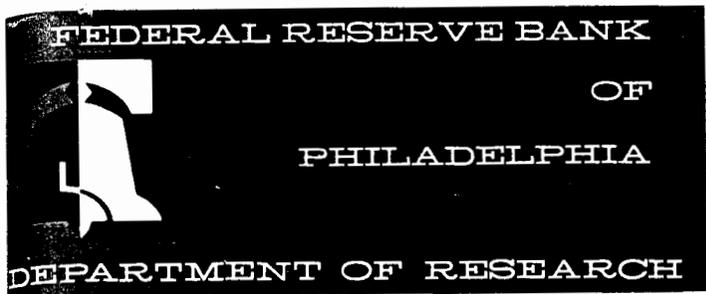


B. Turnbull



BUSINESS OUTLOOK SURVEY
Summary of Returns
November 1974

This Summary of Returns reports on the November 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.

Business activity in the regional economy softened substantially during November. The latest Business Outlook Survey of manufacturers in the Third Federal Reserve District found area businessmen somewhat pessimistic about current business conditions. More than four out of ten of the respondents reported some deterioration of the overall business climate. New orders were below October's levels at nearly 50 percent of these firms and backlogs dwindled. The labor needs of these businesses also declined during the month. One quarter of the executives surveyed reported reductions in their firm's workforce and average hours worked per week.

The six-month outlook in the manufacturing sector is less pessimistic than the current picture but somewhat gloomier than the outlook reported in last month's survey. The number of businessmen anticipating a business upturn by spring is about the same as the number who expect conditions to be worse. Predicted declines in new orders at some firms over the next six months virtually offset any increases anticipated at other firms. However, reporting firms forecast little likelihood, overall, that their workforces will be trimmed significantly in the next half year.

Capital spending plans are still under pressure. During the last three months the proportion of respondents planning to boost capital spending a half year ahead has dropped from 28 percent to 18 percent, while those planning to cut back capital expenditures over the coming six months have risen from 15 percent of the total to 22 percent.

Inflation is continuing unchecked. Sixty percent of the manufacturers canvassed reported paying higher prices for their inputs last month and more than 35 percent posted higher prices for their own products. Their outlook is equally pessimistic. Over 60 percent of these businessmen expect to be paying and receiving higher prices six months from now.

In short, area executives are forecasting a very sluggish economy well into 1975. New orders are expected to be soft and prices to be rising. Capital spending may also decline slightly in the months ahead, further aggravating the weak economy.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

NOVEMBER 1974

INDICATOR	November vs. October			Six Months from Now vs. November		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	44.0	50.0	6.0	30.0	36.0	32.0
COMPANY BUSINESS INDICATORS						
New Orders	48.0	34.0	16.0	30.0	32.0	36.0
Shipments	22.0	52.0	26.0	22.0	42.0	36.0
Unfilled Orders	44.0	42.0	10.0	30.0	44.0	22.0
Delivery Time	26.0	62.0	8.0	22.0	64.0	10.0
Inventories	32.0	34.0	34.0	34.0	38.0	28.0
Prices Paid	8.0	32.0	60.0	6.0	20.0	74.0
Prices Received	2.0	62.0	36.0	4.0	32.0	64.0
Number of Employees	26.0	64.0	10.0	12.0	74.0	12.0
Average Employee Workweek	26.0	68.0	4.0	18.0	58.0	20.0
Capital Expenditures				22.0	56.0	18.0

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