



BUSINESS OUTLOOK SURVEY
Summary of Returns
December 1974

This summary of Returns reports on the December 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 slowing significantly in December according to area executives. Almost 80 percent of the executives responding to this month's survey of large manufacturers in the Third Federal Reserve District report a decline in the general level of business activity in the region. This general slowdown is consistent with what area businessmen are experiencing in their own firms. Nearly 75 percent of the respondents report decreases in new orders and about 60 percent are posting declines in the number of shipments in December. As a consequence of this slowdown in economic activity, employment levels in the Third District suffered substantially in December. Last June only 14 percent of the manufacturers surveyed expected to decrease their work force by December of this year, and only 10 percent expected to shorten the workweek. As of this month, however, 38.5 percent of the employers reported declines in the number of employees, and 46.2 percent trimmed the length of the average workweek.

Survey respondents are slightly more optimistic in their outlook for the region through June 1975. When questioned about the outlook for new orders and shipments by the end of the second quarter, close to half the respondents expect to be posting gains. And slightly more area manufacturers plan to increase their work force and length of workweek by mid-'75. Yet unemployment will continue to be a problem for the region as the area economy will not be growing fast enough to absorb new additions to the labor force.

And, inflation will continue to besiege the area, according to area executives. Over 70 percent of the executives polled expect to be paying higher prices for raw materials and almost 60 percent foresee the prices they receive for their finished products to be higher by June.

In sum, the regional economy suffered a hard blow this month. Area businessmen are experiencing slumping sales and the labor force is experiencing the effects of fewer jobs and shorter hours. And, inflation is expected to follow up this initial jab with a punch of its own through midyear.

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SUMMARY OF RETURNS DECEMBER 1974

INDICATOR	December vs. November			Six Months from Now vs. December		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	79.5	17.9	2.6	28.2	33.3	38.5
COMPANY BUSINESS INDICATORS						
New Orders	74.4	17.9	7.7	20.5	33.3	46.2
Shipments	59.0	20.5	20.5	17.9	28.2	53.8
Unfilled Orders	76.9	17.9	2.6	25.6	38.5	33.3
Delivery Time	33.3	61.5	2.6	17.9	66.7	12.8
Inventories	46.2	33.3	20.5	43.6	38.5	12.8
Prices Paid	2.6	38.5	59.0	7.7	20.5	71.8
Prices Received	5.1	74.4	20.5	7.7	33.3	59.0
Number of Employees	38.5	59.0	0.0	15.4	64.1	20.5
Average Employee Workweek	46.2	51.3	2.6	15.4	64.1	20.5
Capital Expenditures				23.1	38.5	30.8

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