

November 2021

Note: Survey responses were collected from November 8 to November 15.

Manufacturing activity in the region continued to grow, according to the firms responding to the November *Manufacturing Business Outlook Survey*. The survey's current indicators for general activity, shipments, and new orders all rose from October's readings. The employment index declined but remained elevated, and price indexes indicate more widespread price increases. The future indexes continue to indicate that the firms expect growth over the next six months.

Current Indicators Are Elevated

The diffusion index for current activity increased 15 points to 39.0 in November, its highest reading since April (see Chart). Nearly 42 percent of the firms reported increases (up from 40 percent last month) in current activity this month, while 3 percent reported decreases (down from 17 percent). The index for new orders increased 17 points to a reading of 47.4. Nearly 48 percent of the firms reported increases in new orders this month, while less than 1 percent reported decreases. The current shipments index rose 2 points to 32.1 in November.

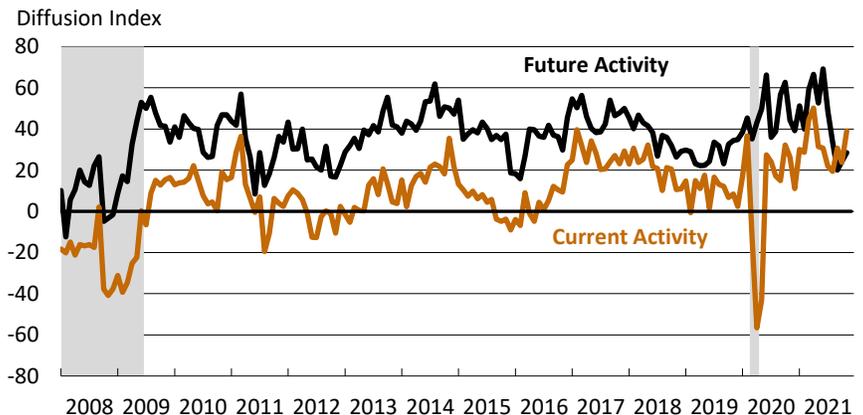
On balance, the firms reported increases in manufacturing employment, but the current employment index decreased 4 points to 27.2. Over 31 percent of the firms reported higher employment, 4 percent reported lower employment, and 64 percent reported no change. The average workweek index rose 3 points to 30.6.

Price Indexes Near Long-Term Highs

The firms continued to report increases in prices for inputs and their own goods. The prices paid diffusion index rose 10 points to 80.0, its highest reading since June's 42-year high of 80.7. Over 82 percent of the firms reported increases in input prices, while 2 percent reported decreases. The current prices received index increased 12 points to 62.9, its highest reading since June 1974. Nearly 66 percent of the firms reported increases in prices of their own manufactured

Chart. Current and Future General Activity Indexes

January 2008 to November 2021



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

goods (up from 58 percent in October), while 3 percent reported decreases (down from 7 percent); 32 percent of the firms reported stable output prices.

Firms Expect Own Price Increases to Exceed Inflation Rate

In this month's special questions, the firms were asked to forecast the changes in the prices of their own products and for U.S. consumers over the next four quarters. Regarding their own prices, the firms' median forecast was for an increase of 5.3 percent, up from 5.0 percent when the question was last asked in August. The firms' actual price change over the past year was 5.0 percent. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 4.8 percent over the next four quarters, an increase from 4.0 percent in August. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 5.0 percent, the same as in August. The firms' median forecast for the long-

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run (10-year average) inflation rate was 3.5 percent, an increase from 3.0 percent in August.

Firms Anticipate Continued Growth

The respondents continue to expect growth over the next six months. The diffusion index for future general activity increased 4 points to 28.5 in November. Over 45 percent of the firms expect growth over the next six months, while 17 percent expect a decrease in activity. The future new orders index rose 2 points to 28.0, and the future shipments index rose 9 points to 39.8 this month. The future employment index increased 12 points to 49.3. Over 51 percent of the firms expect to increase employment in their manufacturing plants over the next six months, compared with only 2 percent that anticipate employment declines.

Summary

Responses to the November *Manufacturing Business Outlook Survey* suggest continued expansion for the region's manufacturing sector. The indicators for current activity, shipments, and new orders all increased from last month. Additionally, the firms indicated overall increases in employment and more widespread increases in prices paid and received. The survey's future indexes continue to suggest expected growth over the next six months. ■

Special Questions (November 2021)		
Please list the annual percent change with respect to the following:		
	Current	Previous (August 2021)
For your firm:		
<i>Forecast for next year (2021Q4–2022Q4)</i>		
1. Prices your firm will receive (for its own goods and services sold).	5.3	5.0
2. Compensation your firm will pay per employee (for wages and benefits).	4.8	4.0
<i>Last year's price change (2020Q4–2021Q4)</i>		
3. Prices your firm did receive (for its own goods and services sold) over the last year.	5.0	3.0
For U.S. consumers:		
4. Prices U.S. consumers will pay for goods and services over the next year.	5.0	5.0
5. Prices U.S. consumers will pay for goods and services over the next 10 years (2021–2030).	3.5	3.0
The numbers represent medians of the individual forecasts (percent changes). For question 5, firms reported a 10-year annual-average change.		

MANUFACTURING BUSINESS OUTLOOK SURVEY November 2021	November vs. October					Six Months from Now vs. November				
	Previous Diffusion Index	Increase	No Change	Decrease	Diffusion Index	Previous Diffusion Index	Increase	No Change	Decrease	Diffusion Index
What is your evaluation of the level of general business activity?	23.8	41.8	55.4	2.8	39.0	24.2	45.2	32.4	16.7	28.5
Company Business Indicators										
New Orders	30.8	47.7	52.0	0.3	47.4	26.2	46.6	29.6	18.6	28.0
Shipments	30.0	38.3	55.6	6.2	32.1	30.5	55.1	26.8	15.3	39.8
Unfilled Orders	12.7	37.0	53.3	9.6	27.4	-18.1	25.5	42.2	26.3	-0.8
Delivery Times	32.2	40.0	55.6	4.4	35.7	-1.7	19.5	56.4	21.0	-1.6
Inventories	18.8	26.1	60.2	12.6	13.5	23.6	25.9	57.2	11.8	14.1
Prices Paid	70.3	82.1	15.5	2.1	80.0	64.1	68.1	20.0	4.3	63.9
Prices Received	51.1	65.5	31.9	2.6	62.9	58.8	63.6	31.8	4.2	59.4
Number of Employees	30.7	31.4	63.7	4.2	27.2	37.5	51.4	43.4	2.1	49.3
Average Employee Workweek	27.8	33.1	64.4	2.5	30.6	27.2	16.7	72.8	7.1	9.7
Capital Expenditures	--	--	--	--	--	32.4	38.6	51.2	7.6	31.1
NOTES:										
(1) Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease.										
(2) All data are seasonally adjusted.										
(3) Percentages may not sum to 100 because of rounding, omission by respondents, or both.										
(4) Survey results reflect data received through November 15, 2021.										