

December 2024

Note: Survey responses were collected from December 9 to December 16.

Manufacturing activity in the region declined overall, according to the firms responding to the December *Manufacturing Business Outlook Survey*. The survey's indicator for current general activity remained negative and fell further, while the indexes for new orders and shipments declined and turned negative. The employment index edged down but continued to suggest increases in employment overall. The prices paid index moved higher, while the prices received index declined; both indexes continue to indicate overall increases in prices. The survey's broad indicators for future activity continue to suggest widespread expectations for growth over the next six months.

Current Indicators Weaken

The diffusion index for current general activity declined from -5.5 to -16.4 in December, its lowest reading since April 2023 (see Chart 1). Nearly 33 percent of the firms reported decreases in general activity this month (up from 23 percent last month), while 16 percent reported increases (little changed); 47 percent reported no change (down from 58 percent). The indexes for new orders and shipments both declined and turned negative. The new orders index fell 13 points to -4.3, its lowest reading since May. The shipments index declined 6 points to -1.9.

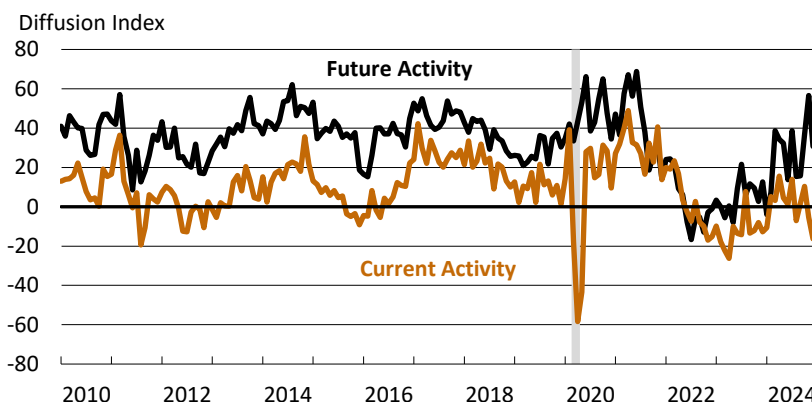
On balance, the firms continued to report an increase in employment. The employment index edged down from 8.6 to 6.6 this month. More than 70 percent of the firms reported no change in employment levels this month. Over 17 percent of the firms reported increases, while 11 percent reported decreases. The average workweek index reversed most of last month's rise and returned to negative territory, falling from 17.4 to -8.2.

Firms Continue to Report Overall Price Increases

The prices paid index moved up 5 points to 31.2 (see Chart 2). Thirty-four percent of the firms reported increases in input prices, while 3 percent reported decreases; 63 percent of the

Chart 1. Current and Future General Activity Indexes

January 2010 to December 2024



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.

firms reported no change. The current prices received index fell 7 points to 7.3, its third consecutive monthly decline. Twelve percent of the firms reported increases in prices received for their own goods, 5 percent reported decreases, and 83 percent reported no change.

Firms Report Lower Production, Little Change in Capacity Utilization

In this month's special questions, the firms were asked to estimate their total production growth for the fourth quarter ending this month compared with the third quarter of 2024 (see Special Questions on page 3). A higher share of firms reported a decrease in production (50 percent) compared with the share reporting an increase (30 percent). Regarding firms' capacity utilization for the current quarter and one year ago, the median current capacity utilization rate reported among the responding firms was unchanged at 70 to 80 percent.

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The next *Manufacturing Business Outlook Survey* will be released on January 16, 2025.

The survey's annual revisions, which incorporate new seasonal adjustment factors, will be released on January 9, 2025.

Sixty percent of the firms reported labor supply as at least a slight constraint to capacity utilization in the current quarter, and the share of firms reporting it as a moderate or significant constraint (33 percent) edged up from when this question was asked in September (31 percent). More than half of the firms cited supply chains as a constraint in the current quarter. Looking ahead over the next three months, most firms expect the impacts of various factors to stay the same. However, the share of firms expecting supply chain impacts to worsen (17 percent) was higher than when this question was asked in September (9 percent).

Most Future Indicators Soften but Remain Elevated

The diffusion index for future general activity fell 26 points to 30.7 in December after jumping higher the previous two months (see Chart 1). The share of firms expecting increases in activity over the next six months (49 percent) exceeded the share expecting decreases (18 percent); 23 percent expect no change. The future new orders and future shipments indexes both declined but remained above their historical averages. The future new orders index dropped 15 points to 51.6, and the shipments index edged down 2 points to 49.7. The firms continue to expect an overall increase in employment over the next six months, but the future employment index ticked down from a reading of 34.2 to 32.1. The future prices paid index declined 7 points to 56.4,

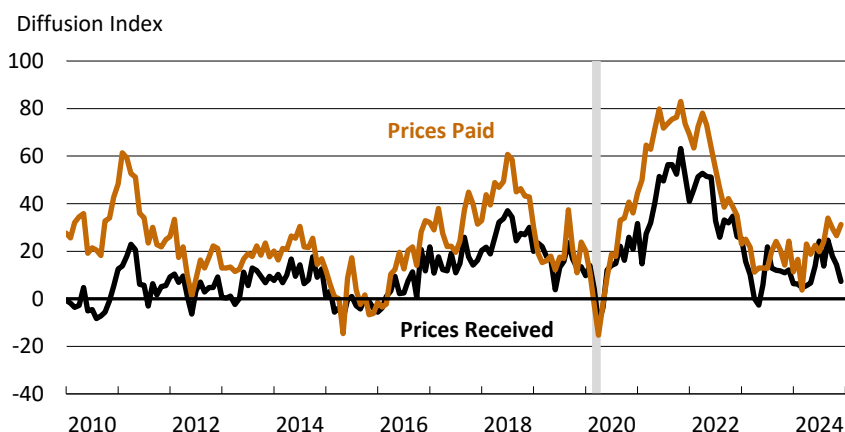
while the future prices received index rose 10 points to 58.4. The future capital expenditures index fell from 24.9 to 18.8.

Summary

Responses to the December *Manufacturing Business Outlook Survey* suggest a decline overall in regional manufacturing activity this month. The indicator for current activity remained negative, while the new orders and shipments indexes declined and turned negative. On balance, the firms indicated an increase in employment and continued to report increases in prices. The survey's broad indicators for future activity continue to suggest widespread expectations for growth over the next six months. ■

Chart 2. Current Prices Paid and Prices Received Indexes

January 2010 to December 2024



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.

MANUFACTURING BUSINESS OUTLOOK SURVEY December 2024	December vs. November					Six Months from Now vs. December				
	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?	-5.5	16.3	46.6	32.7	-16.4	56.6	48.7	23.1	18.0	30.7
Company Business Indicators										
New Orders	8.9	25.9	41.3	30.2	-4.3	66.2	60.0	27.9	8.4	51.6
Shipments	4.5	22.1	47.3	24.0	-1.9	52.1	59.4	28.4	9.6	49.7
Unfilled Orders	6.8	33.3	47.6	14.4	18.9	28.8	19.1	68.4	7.9	11.2
Delivery Times	-2.1	19.1	69.0	7.5	11.6	10.1	21.8	54.9	17.2	4.6
Inventories	5.4	16.8	56.0	19.1	-2.3	5.3	29.6	52.3	7.1	22.5
Prices Paid	26.6	34.0	63.2	2.8	31.2	63.7	57.7	40.9	1.4	56.4
Prices Received	14.3	12.0	83.4	4.7	7.3	48.5	61.1	33.9	2.7	58.4
Number of Employees	8.6	17.2	70.4	10.6	6.6	34.2	36.0	59.1	3.9	32.1
Average Employee Workweek	17.4	8.8	72.8	17.0	-8.2	16.9	26.5	64.1	7.0	19.5
Capital Expenditures	--	--	--	--	--	24.9	28.0	57.9	9.2	18.8

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 December 16, 2024.

Special Questions (December 2024)		
1. How will your firm's total production for the fourth quarter of 2024 compare with that of the third quarter of 2024 ?		
An increase of:	% of firms	Subtotals
10% or more	3.3	% of firms reporting an increase: 30.0
5–10%	13.3	
0–5%	13.3	
No change	20.0	
A decline of:		
0–5%	13.3	% of firms reporting a decrease: 50.0
5–10%	10.0	
10% or more	26.7	

2. Which of the following best characterizes your plant's percentage capacity utilization currently (2024:Q4) and one year ago (2023:Q4)?		
Capacity Utilization Rate	2024:Q4 % of reporters	2023:Q4 % of reporters
Less than 30%	0.0	0.0
30–40%	6.7	3.3
40–50%	0.0	0.0
50–60%	13.3	3.3
60–70%	26.7	20.0
70–80%	23.3	40.0
80–90%	20.0	26.7
90–100%	10.0	6.7
Median Utilization Rate	70–80	70–80

3. In the current quarter , to what degree have the following factors acted as constraints on capacity utilization?					4. Over the next three months , how do you expect the impacts of the following factors as constraints on capacity utilization to change?		
	Not at all (%)	Slightly (%)	Moderately (%)	Significantly (%)	Worsen (%)	Stay the same (%)	Improve (%)
COVID-19 mitigation measures	100.0	0.0	0.0	0.0	0.0	96.3	3.7
Energy markets	86.2	6.9	3.4	3.4	6.9	82.8	10.3
Financial capital	83.3	6.7	10.0	0.0	3.4	86.2	10.3
Labor supply	40.0	26.7	13.3	20.0	13.3	73.3	13.3
Supply chains	46.7	40.0	10.0	3.3	16.7	73.3	10.0
Other factors	76.2	4.8	0.0	19.0	5.0	80.0	15.0