

January 2025

Note: Survey responses were collected from January 6 to January 13.

Manufacturing activity in the region increased overall, according to the firms responding to the January *Manufacturing Business Outlook Survey*. The survey's indicators for general activity, new orders, and shipments rose sharply and reached multiyear highs. The employment index moved higher and continues to suggest increasing levels of employment overall. The price indexes indicate overall increases in prices, and both indexes rose above their long-run averages. The survey's broad indicators for future activity rose, suggesting more widespread expectations for overall growth over the next six months.

Current Indicators Rise Sharply

The diffusion index for current general activity jumped from a revised reading of -10.9 in December to 44.3 in January, its highest reading since April 2021 (see Chart 1).^{*} This is the index's largest monthly increase since June 2020. Nearly 51 percent of the firms reported increases (up from 19 percent last month), far exceeding the 7 percent reporting decreases (down from 30 percent); 41 percent of the firms reported no change in current activity (down from 45 percent). The indexes for current new orders and current shipments both also rose sharply in January. The new orders index rose 47 points to 42.9, its highest reading since November 2021. Meanwhile, the shipments index increased 39 points to 41.0, its highest reading since October 2020.

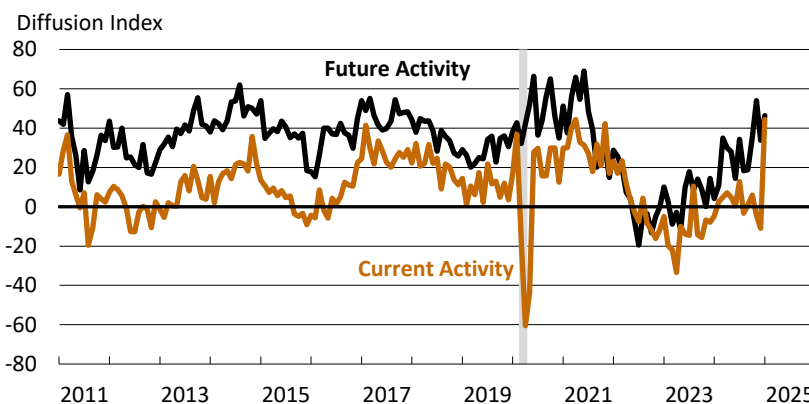
On balance, the firms continued to report an increase in employment. The employment index rose 7 points to 11.9 in January. Almost 87 percent of the firms reported no change in employment levels this month. Nearly 13 percent reported increases, while 1 percent reported decreases. The average workweek index turned positive, rising from a revised reading of -3.7 to 20.3, its highest reading since March 2022.

Price Indexes Move Above Long-Run Averages

On balance, the firms continued to report overall increases in prices, with both price indexes rising to recent highs. The

Chart 1. Current and Future General Activity Indexes

January 2011 to January 2025



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.

prices paid index rose 5 points to 31.9 in January, its highest reading since December 2022 (see Chart 2). Nearly 36 percent of the firms reported increases in input prices, while 4 percent reported decreases; 60 percent reported no change. The current prices received index jumped 24 points to 29.7, its highest reading since January 2023. Almost 35 percent of the firms reported increases in the prices of their own goods (up from 9 percent last month), 5 percent reported decreases (little changed), and 60 percent reported no change (down from 85 percent).

Firms Expect Smaller Cost Increases for 2025

In this month's special questions, the firms were asked about changes in their various input and labor costs over the past year and their expectations for changes in costs for the coming year (see Special Questions on page 3). For all categories, the average percent change in costs expected for

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The next *Manufacturing Business Outlook Survey* will be released on February 20, 2025.

^{*}The survey's annual data revisions, which incorporate updated seasonal factors, were released on January 9, 2025. The full history of revised data is available [on our website](#).

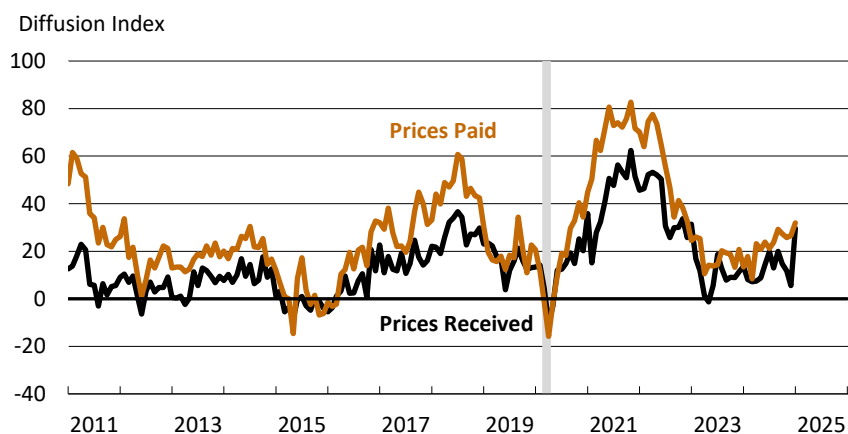
2025 was smaller than the average percent change in costs reported for 2024. The respondents were also asked to rank the importance of various factors in setting prices. Demand for their own goods/services was the most important factor, followed by maintaining steady profit margins, wage and labor costs, and nonlabor costs.

Most Future Indicators Strengthen Further

The diffusion index for future general activity rose from a revised reading of 33.8 in December to 46.3 in January (see Chart 1). Nearly 54 percent of the firms expect an increase in activity over the next six months, exceeding the 7 percent that expect a decrease; 36 percent expect no change. The future new orders index increased 5 points to 57.3, and the future shipments index rose 11 points to 60.2, its highest reading since July 2021. On balance, the firms continue to expect increases in employment over the next six months, and the future employment index rose 8 points to 40.4, its highest reading since December 2021. Both future price indexes were above their long-run averages: The future prices paid index increased 9 points to 67.3, its highest reading since January 2022; the future prices received index edged down 1 point to 53.6. The index for future capital expenditures rose 17 points to 39.0, its highest reading since July 2021.

Chart 2. Current Prices Paid and Prices Received Indexes

January 2011 to January 2025



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.

Summary

Responses to the January *Manufacturing Business Outlook Survey* suggest an overall increase in the region's manufacturing activity. The indicators for current activity, new orders, and shipments all rose sharply. On balance, the firms continued to indicate overall increases in prices, and both price indexes rose above their long-run averages. The firms also continued to report increasing employment levels. The survey's broad indicators for future activity rose, suggesting more widespread expectations for growth over the next six months. ■

MANUFACTURING BUSINESS OUTLOOK SURVEY January 2025	January vs. December					Six Months from Now vs. January				
	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?	-10.9	50.9	40.7	6.6	44.3	33.8	53.6	35.6	7.2	46.3
Company Business Indicators										
New Orders	-3.6	49.2	44.6	6.3	42.9	52.1	64.5	28.3	7.2	57.3
Shipments	1.7	48.3	44.3	7.4	41.0	48.8	68.0	24.1	7.8	60.2
Unfilled Orders	18.3	26.1	67.8	2.1	24.0	15.3	28.8	57.0	14.3	14.5
Delivery Times	9.2	7.7	91.4	0.9	6.8	7.1	14.4	71.0	13.9	0.5
Inventories	-3.8	23.8	62.8	12.1	11.7	18.5	31.1	55.5	10.9	20.2
Prices Paid	26.6	35.8	60.3	3.9	31.9	58.3	70.5	26.4	3.1	67.3
Prices Received	5.6	34.6	59.6	4.9	29.7	54.9	54.2	44.8	0.7	53.6
Number of Employees	4.8	12.6	86.7	0.7	11.9	32.6	43.9	50.4	3.5	40.4
Average Employee Workweek	-3.7	20.5	79.5	0.0	20.5	21.0	18.6	75.5	3.7	14.9
Capital Expenditures	--	--	--	--	--	22.2	40.4	58.1	1.4	39.0

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 January 13, 2025.

Special Questions (January 2025)				
1. What were the percentage changes in costs for the following categories for 2024, and what do you expect they will be for 2025?				
	2024 (Actual)		2025 (Expected)	
	Average (%)	Median (%)	Average (%)	Median (%)
Energy	2.5	2–4	1.6	1–2
Other Raw Materials	3.3	3–4	2.4	2–3
Intermediate Goods	2.1	2–3	2.0	1–3
Wages	2.8	3–4	2.7	3–4
Health Benefits	6.3	5–7.5	3.7	3–4
Nonhealth Benefits	4.1	3–4	2.6	2–3
Wages + Health Benefits + Nonhealth Benefits	4.5	4–5	4.1	3–4

Note: Respondents selected ranges of percentage changes. The average percent change is calculated using the midpoints of the ranges of each answer option.

2. Currently, when you think about setting the prices of your goods/services, how important to you are the following factors in making those decisions?	
	Weighted Average* (%)
Your competitors' prices	66
The strength of demand for your most important good(s) or services(s)	84
Your wages and labor costs (including benefits)	74
Your nonlabor costs, such as energy prices, materials prices, transportation costs, rent, etc.	71
Maintaining steady profit margins (for price over costs)	78
Interest rates, borrowing rates, and the cost of capital	35
Problems with your supply chains, such as bottlenecks and product shortages	47
The overall rate of inflation in the U.S. economy, as measured by the Consumer Price Index	57
Other	40

*Respondents reported importance on a scale of 1 (least important) to 5 (most important). The weighted average gives 1 a weight of 0; 2 a weight of 0.25; 3 a weight of 0.5; 4 a weight of 0.75; and 5 a weight of 1.