

February 2025

Note: Survey responses were collected from February 10 to February 17.

Manufacturing activity in the region continued to expand, according to the firms responding to the February *Manufacturing Business Outlook Survey*. Although the survey's indicators for current general activity, new orders, and shipments declined, readings remain elevated. The employment index declined but remained positive. Both price indexes rose and remain above their long-run averages. The firms continue to expect growth over the next six months, although expectations were less widespread.

### Most Current Indicators Decline but Remain Elevated

The diffusion index for current general activity fell from 44.3 to 18.1 in February but remains above its long-run nonrecession average (see Chart). Almost 41 percent of the firms reported increases in general activity this month (down from 51 percent last month), while 23 percent reported decreases (up from 7 percent); 35 percent reported no change (down from 41 percent last month). The indexes for new orders and shipments also declined but remained elevated relative to their long-run averages: The new orders index dropped 21 points to 21.9, and the shipments index fell 15 points to 26.3.

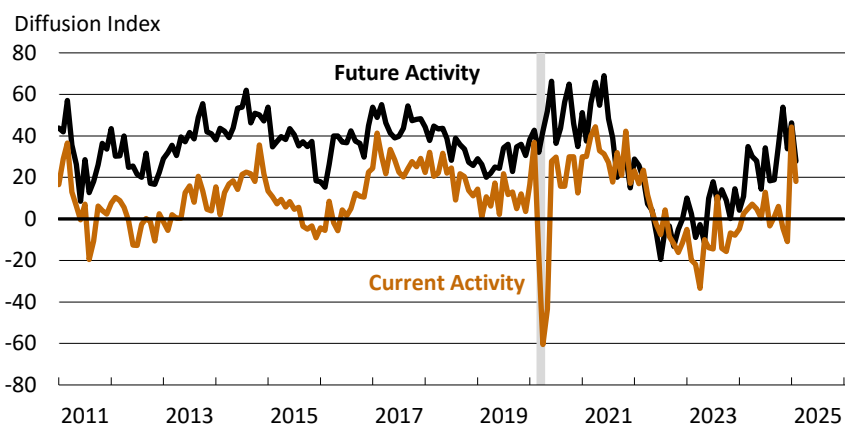
The employment index remained positive but declined 7 points to 5.3, offsetting its increase last month. Nearly 85 percent of the firms reported no change in employment levels this month, while the share of firms reporting increases (10 percent) exceeded the share reporting decreases (5 percent). The average workweek index fell from 20.5 to 2.9.

### Firms Continue to Report Overall Price Increases

Both price indexes rose to their highest readings in over two years. The prices paid index increased 9 points to 40.5, its highest reading since October 2022. Over 45 percent of the firms reported increases in input prices, while 5 percent

**Chart. Current and Future General Activity Indexes**

January 2011 to February 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.

reported decreases; half of the firms reported no change. The current prices received index moved up 3 points to 32.9, its highest reading since November 2022. Almost 34 percent of the firms reported increases in prices received for their own goods, 1 percent reported decreases, and 66 percent reported no change.

### Firms' Expectations for Own Prices Remain Unchanged

In this month's special questions, the firms were asked to forecast the changes in prices of their own products and for U.S. consumers over the next four quarters (see Special Questions). Regarding their own prices over the next year, the firms' median forecast was for an expected increase of 3.0 percent, unchanged from when this question was last asked in November. The firms reported a median increase of 3.0 percent in their own prices over the past year, the same as last quarter. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 3.9 percent over the next four quarters, up from 3.4 percent in November. The firms' median forecast for the

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rate of inflation for U.S. consumers over the next year was also unchanged at 3.0 percent.

### Firms Continue to Expect Future Growth

The diffusion index for future general activity declined from 46.3 to 27.8 in February (see Chart). The future new orders and shipments indexes both declined 24 points, to 33.1 and 36.5, respectively. The future prices paid index declined from 67.3 to 58.6, and the future prices received index declined from 53.6 to 46.1. The firms continue to expect overall increases in employment, but the future employment index fell from 40.4 to 23.7. The future capital expenditures index fell 25 points to 14.0, its lowest reading since August. Most firms (72 percent) expect steady capital expenditures, 21 percent expect increases, and 6 percent expect decreases.

### Summary

Responses to the February *Manufacturing Business Outlook Survey* suggest regional manufacturing activity continued to expand this month. The indicators for current activity, new orders, and shipments remained elevated. On balance, the firms indicated an increase in employment, and the price indexes remained above their long-run averages. The survey's broad indicators for future activity suggest expectations for growth over the next six months. ■

Special Questions (February 2025)		
Please list the annual percent change with respect to the following:		
	Current	Previous (Nov. 2024)
<b>For your firm:</b>		
<i>Forecast for next year (2025Q1–2026Q1)</i>		
1. Prices your firm will receive (for its own goods and services sold).	3.0	3.0
2. Compensation your firm will pay per employee (for wages and benefits).	3.9	3.4
<i>Last year's price change (2024Q1–2025Q1)</i>		
3. Prices your firm did receive (for its own goods and services sold) over the last year.	3.0	3.0
<b>For U.S. consumers:</b>		
4. Prices U.S. consumers will pay for goods and services over the next year.	3.0	3.0
5. Prices U.S. consumers will pay for goods and services over the next 10 years (2025–2034).	3.0	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 February 2025	February vs. January					Six Months from Now vs. February				
	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?	44.3	40.5	34.7	22.5	18.1	46.3	46.3	32.8	18.5	27.8
Company Business Indicators										
New Orders	42.9	46.1	28.2	24.2	21.9	57.3	46.8	39.5	13.7	33.1
Shipments	41.0	43.7	33.9	17.4	26.3	60.2	51.7	32.1	15.2	36.5
Unfilled Orders	24.0	20.3	59.8	18.9	1.4	14.5	21.5	68.1	10.4	11.0
Delivery Times	6.8	16.5	79.3	4.1	12.4	0.5	12.4	74.0	13.6	-1.2
Inventories	11.7	16.1	61.1	16.5	-0.4	20.2	26.5	62.7	10.1	16.4
Prices Paid	31.9	45.3	49.9	4.8	40.5	67.3	58.6	41.4	0.0	58.6
Prices Received	29.7	33.5	65.9	0.6	32.9	53.6	46.1	53.9	0.0	46.1
Number of Employees	11.9	10.4	84.6	5.1	5.3	40.4	29.3	64.7	5.6	23.7
Average Employee Workweek	20.5	7.4	88.0	4.5	2.9	14.9	13.7	84.3	2.0	11.6
Capital Expenditures	--	--	--	--	--	39.0	20.5	71.6	6.4	14.0
<b>NOTES:</b>										
(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 February 17, 2025.										