

August 2025

Note: Survey responses were collected from August 11 to August 18.

Manufacturing activity in the region weakened this month, according to the firms responding to the August *Manufacturing Business Outlook Survey*. The current general activity index fell to a near-zero reading, the new orders index dipped into negative territory, and the shipments index also declined but remained positive. The employment index continued to suggest overall increases. Both price indexes remained elevated. The firms continued to expect growth over the next six months, and expectations were somewhat more widespread.

### Current Indicators Weaken

The diffusion index for current general activity declined from 15.9 to -0.3 in August, mostly undoing its rise from last month (see Chart). The share of responses indicating increases and decreases were evenly split (30 percent), and 36 percent reported no change. The new orders and shipments indexes both declined, more than erasing their increases from last month. The new orders index fell 20 points to -1.9, its first negative reading since April, and the shipments index declined to 4.5.

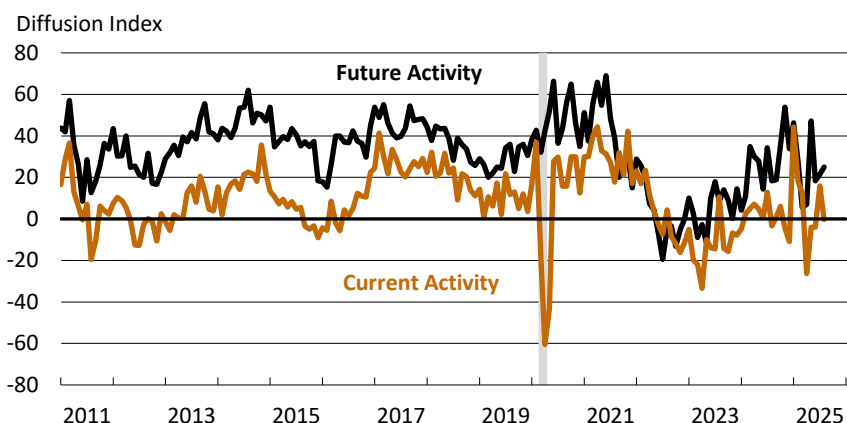
The firms continued to report overall increases in employment, but the employment index moved down 4 points to 5.9. Most firms continued to report no change in employment levels (74 percent), while the share of firms reporting increases (16 percent) exceeded the share reporting decreases (10 percent). The average workweek index rose from 0.4 to 4.7.

### Price Increases Remain Widespread

Both price indexes remained elevated. The prices paid index increased 8 points to 66.8, its highest reading since May 2022. The current prices received index ticked up 1 point to 36.1. Most firms (64 percent) reported no change in prices received, 36 percent of the firms reported increases, and none reported decreases.

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

January 2011 to August 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.

### Firms Expect Higher Growth for Own Prices

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 Price and Inflation Expectations on page 2). Regarding their own prices over the next year, the firms' median forecast was for an expected increase of 4.1 percent, up from 3.8 percent when this question was last asked in May. The firms reported a median increase of 3.5 percent in their own prices over the past year, up from 3.0 percent last quarter. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 3.5 percent over the next four quarters, down from 4.0 percent in May. The firms' median forecast for the rate of inflation for U.S. consumers over the next year edged down from 3.8 percent to 3.6 percent.

The firms were also asked about changes in customer price sensitivity and anticipated cost changes (see Special Questions on page 3). Half of the firms reported their core customers were more price sensitive since last quarter, while 46 percent reported customers were about the same. Almost

Released: August 21, 2025, 8:30 a.m. ET.

The next *Manufacturing Business Outlook Survey* will be released on September 18, 2025.

54 percent of the firms indicated they can anticipate changes in their industry's costs in the near term, and over 71 percent of those firms expected their competitors to raise prices in response. Regarding when these price changes will occur, the firms' median expectation was for competitors to change prices in the next three months.

## Firms Continue to Expect Growth

The diffusion index for future general activity increased from 21.5 to 25.0 (see Chart). The future new orders index rose to 39.2, and the future shipments index rose to 40.3, their highest readings since May. Both future price indexes remained elevated but moved lower. The future capital expenditures index more than doubled, rising to 38.4, its highest reading since January.

## Summary

Responses to the August *Manufacturing Business Outlook Survey* suggest regional manufacturing activity weakened this month. The indicators for current activity and new orders dipped into negative territory, while the shipments index declined but remained positive. On balance, the firms indicated an increase in employment, and the price indexes rose further above their long-run averages. The survey's broad indicators for future activity suggest that firms continue to expect growth over the next six months. ■

Price and Inflation Expectations (August 2025)		
Please list the annual percent change with respect to the following:		
	Current	Previous (May 2025)
<b>For your firm:</b>		
<i>Forecast for next year (2025Q3–2026Q3)</i>		
1. Prices your firm will receive (for its own goods and services sold).	4.1	3.8
2. Compensation your firm will pay per employee (for wages and benefits).	3.5	4.0
<i>Last year's price change (2024Q3–2025Q3)</i>		
3. Prices your firm did receive (for its own goods and services sold) over the last year.	3.5	3.0
<b>For U.S. consumers:</b>		
4. Prices U.S. consumers will pay for goods and services over the next year.	3.6	3.8
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 August 2025	August vs. July					Six Months from Now vs. August				
	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?	15.9	29.9	35.8	30.2	-0.3	21.5	40.5	36.0	15.5	25.0
Company Business Indicators										
New Orders	18.4	34.2	26.9	36.2	-1.9	30.0	59.3	20.7	20.0	39.2
Shipments	23.7	28.9	46.7	24.4	4.5	23.6	58.6	20.1	18.3	40.3
Unfilled Orders	5.7	10.8	57.0	27.7	-16.8	18.4	24.5	55.9	16.8	7.7
Delivery Times	-4.7	12.9	68.8	18.3	-5.4	10.4	15.6	71.2	11.0	4.5
Inventories	-1.3	15.7	58.9	21.8	-6.2	10.7	13.9	57.4	28.2	-14.3
Prices Paid	58.8	66.8	33.2	0.0	66.8	75.3	68.4	30.9	0.0	68.4
Prices Received	34.8	36.1	63.9	0.0	36.1	59.4	49.7	46.0	1.2	48.5
Number of Employees	10.3	15.8	74.3	9.9	5.9	20.1	27.6	55.7	14.9	12.7
Average Employee Workweek	0.4	14.2	76.3	9.5	4.7	12.4	11.1	81.6	6.9	4.3
Capital Expenditures	--	--	--	--	--	17.1	45.0	48.3	6.6	38.4
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 August 18, 2025.										

Special Questions (August 2025)	
<b>1. Since last quarter, have your core customers become more or less price sensitive?</b>	
	Percent (%)
More sensitive	50.0
About the same	46.2
Less sensitive	3.8
Don't know	0.0

<b>2. Over the near term (roughly the next six months or so), can you clearly anticipate any changes in your industry's costs?</b>	
	Percent (%)
Yes	53.8
No	46.2
<b>2a. How do you anticipate that your competitors will respond?*</b>	
	Percent (%)
Raise prices	71.4
Hold prices steady	21.4
Lower prices	0.0
Don't know	7.1
*Only firms that responded "yes" to question 2 responded to question 2a.	
<b>2b. How soon do you anticipate your competitors will change prices?**</b>	
	Number of months
Median response	3.0
**Only firms that responded "raise prices" or "lower prices" to question 2a responded to question 2b.	