PHILADELPHIAFED

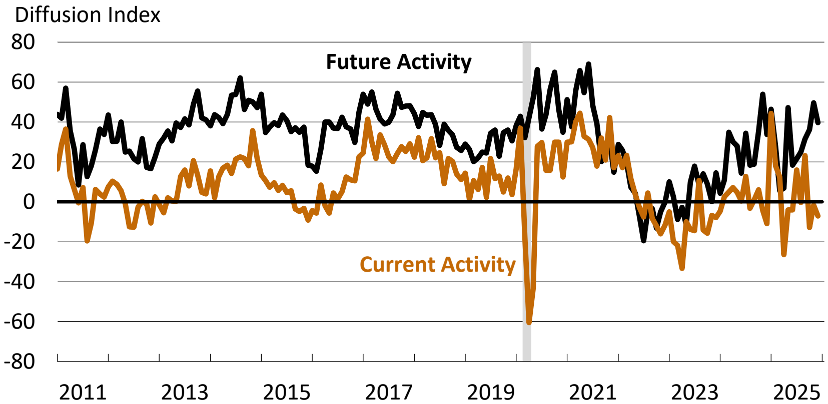
MBOS MANUFACTURING BUSINESS OUTLOOK SURVEY

December 2025

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

Manufacturing activity appeared weak this month, according to the firms responding to the December *Manufacturing Business Outlook Survey.* The survey's indicator for current general activity fell and remained negative for the third consecutive month. Meanwhile, the new orders and shipments indexes both returned to positive territory after turning negative last month. The employment index rose and continued to reflect overall increases in employment. Both price indexes remained elevated but moved in opposite directions. Most of the survey's future indicators softened but continued to suggest widespread expectations for growth over the next six months.

Chart 1. Current and Future General Activity Indexes
January 2011 to December 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.

Current Indicators Are Mixed

The diffusion index for current general activity declined 9 points to -10.2 in December, its third consecutive negative reading (see Chart 1). Nearly 28 percent of the firms reported decreases in general activity this month (down from 31 percent last month), while 18 percent reported increases (down from 29 percent); 51 percent reported no change (up from 40 percent). The new orders and shipments indexes both turned positive after falling below zero last month. The new orders index rose 14 points to 5.0 this month, and the shipments index rose 12 points to 3.2.

On balance, the firms continued to report overall increases in employment this month, and the employment index rose from 6.0 to 12.9, its highest reading since May. Most firms continued to report no change in employment levels (83 percent), while the share of firms reporting increases (13 percent) exceeded the share reporting decreases (less than 1 percent). The average workweek index rose 11 points to 14.7.

Firms Continue to Report Overall Price Increases

Both price indexes remained elevated. The prices paid index fell 13 points to 43.6, its lowest reading since June (see Chart 2). Forty-six percent of the firms reported increases in input prices, while 2 percent reported decreases; 52 percent of the firms reported no change. The current prices received index rose 7 points to 24.3, mostly undoing its decline from last month. Over 28 percent of the firms reported increases in prices received for their own goods, 4 percent reported decreases, and 68 percent reported no change.

Firms Report Higher Production, Little Change in Capacity Utilization This Quarter

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 2025 (see Special Questions on page 3). A higher share of firms reported an increase in production (52 percent) compared with the share reporting a decrease (16 percent). Regarding firms' capacity utilization for the current quarter and one year ago, the median current capacity utilization rate

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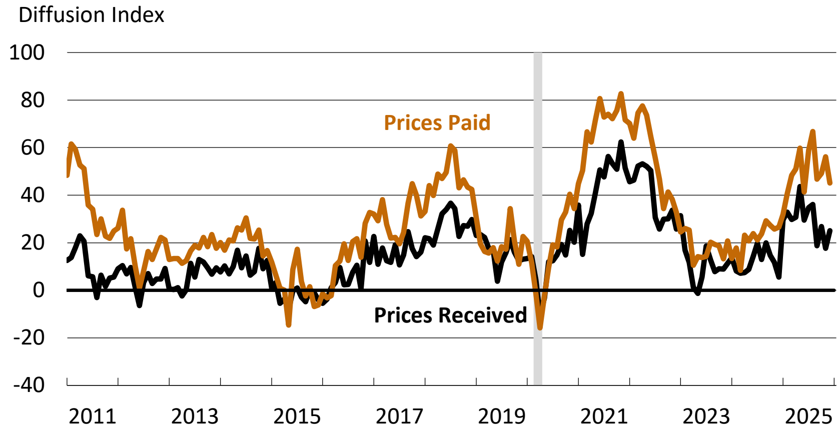
The next *Manufacturing Business Outlook Survey* will be released on January 15, 2026.

The survey's annual revisions, which incorporate new seasonal adjustment factors, will be released on January 8, 2026.

reported among the responding firms was unchanged at 70 to 80 percent.

Nearly 62 percent of the firms reported that uncertainty was at least a slight constraint to capacity utilization in the current quarter, and similar shares of firms cited labor supply (50 percent) and supply chains (48 percent) as a constraint to some degree in the current quarter. Looking ahead over the next three months, most of the firms expect the impacts of various factors to stay the same. However, 29 percent of the firms expect the impact of energy markets to worsen over the next three months. Additionally, 25 percent and 21 percent of the firms expect impacts of uncertainty and supply chains to worsen, respectively.

Chart 2. Current Prices Paid and Prices Received Indexes
January 2011 to December 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.

Most Future Indicators Soften but Remain Elevated

The diffusion index for future general activity fell 8 points to 41.6 in December (see Chart 1), its first decline since June. The share of firms expecting increases in activity over the next six months (54 percent) exceeded the share expecting decreases (13 percent); 27 percent expect no change. The future new orders index declined 12 points to 44.0, and the shipments index moved down 5 points to 43.2; both indexes remain above their historical averages. The future employment index fell from 35.7 to 27.1. Both future price indexes moved lower but remained well elevated compared with their historical averages. The future capital expenditures index rose 5 points to 30.3, its highest reading since August.

Summary

Responses to the December *Manufacturing Business Outlook Survey* suggest weak regional manufacturing activity this month. The indicator for current activity declined and remained negative, while the new orders and shipments indexes turned positive. The firms continued to indicate overall increases in employment and prices. The survey's broad indicators for future activity suggest that firms continue to expect growth over the next six months.

MANUFACTURING BUSINESS OUTLOOK SURVEY December 2025	**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?	**-1.7**	17.6	51.3	27.8	**-10.2**	**49.6**	54.2	26.6	12.6	**41.6**
Company Business Indicators										
New Orders	**-8.6**	25.7	53.7	20.6	**5.0**	**55.6**	56.0	31.2	12.0	**44.0**
Shipments	**-8.7**	26.3	48.8	23.1	**3.2**	**48.4**	52.5	36.6	9.3	**43.2**
Unfilled Orders	**-6.5**	7.4	78.9	13.7	**-6.2**	**15.0**	18.8	71.0	6.7	**12.1**
Delivery Times	**-4.3**	7.6	90.9	1.4	**6.2**	**5.3**	13.6	83.9	0.9	**12.7**
Inventories	**2.7**	17.5	70.2	11.0	**6.5**	**15.6**	21.8	55.4	22.7	**-0.9**
Prices Paid	**56.1**	46.0	51.7	2.4	**43.6**	**75.1**	70.5	21.7	7.8	**62.6**
Prices Received	**17.7**	28.4	67.5	4.1	**24.3**	**56.8**	62.5	30.8	6.7	**55.8**
Number of Employees	**6.0**	13.4	83.2	0.4	**12.9**	**35.7**	31.8	61.8	4.7	**27.1**
Average Employee Workweek	**3.7**	14.7	84.6	0.0	**14.7**	**28.2**	20.6	76.1	0.0	**20.6**
Capital Expenditures	**--**	--	--	--	**--**	**26.7**	30.3	69.4	0.0	**30.3**

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 15, 2025.

Special Questions (December 2025)		
1. How will your firm's total production for the **fourth quarter of 2025** compare with that of the **third quarter of 2025**?		
An increase of:	% of firms	Subtotals
10% or more	8.0	% of firms reporting an increase: 52.0
5–10%	12.0	
0–5%	32.0	
No change	32.0	
A decline of:		
0–5%	12.0	% of firms reporting a decrease: 16.0
5–10%	0.0	
10% or more	4.0	

2. Which of the following best characterizes your plant's percentage capacity utilization **currently** (2025:Q4) and **one year ago** (2024:Q4)?		
Capacity Utilization Rate	**2025:Q4** % of reporters	**2024:Q4** % of reporters
Less than 30%	0.0	0.0
30–40%	0.0	7.7
40–50%	0.0	0.0
50–60%	3.8	3.8
60–70%	26.9	15.4
70–80%	30.8	38.5
80–90%	26.9	11.5
90–100%	11.5	23.1
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 (%)
Energy markets	84.6	11.5	3.8	0.0	29.2	70.8	0.0
Financial capital	100.0	0.0	0.0	0.0	4.3	87.0	8.7
Labor supply	50.0	23.1	15.4	11.5	16.7	66.7	16.7
Supply chains	52.0	28.0	12.0	8.0	20.8	66.7	12.5
Uncertainty	38.5	30.8	19.2	11.5	25.0	66.7	8.3
Other factors	70.6	11.8	5.9	11.8	0.0	86.7	13.3