

February 2026

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

Manufacturing activity in the region expanded overall this month, according to the firms responding to the February *Manufacturing Business Outlook Survey*. The current general activity and new orders indexes remained somewhat elevated; however, the shipments index declined to a near-zero reading. The employment index suggests mostly steady employment overall but dipped into negative territory. Both price indexes continued to suggest overall price increases. Expectations for growth over the next six months were more widespread.

### Current Indicators Are Mixed

The diffusion index for current general activity increased 4 points to 16.3 in February, its second consecutive increase and highest reading since September (see Chart 1). Thirty-one percent of the firms reported increases in activity, 15 percent reported decreases, and 49 percent reported no change. The new orders index moved down from 14.4 to 11.7, just above its long-run average. The shipments index fell 9 points to 0.3, more than offsetting its increase from last month.

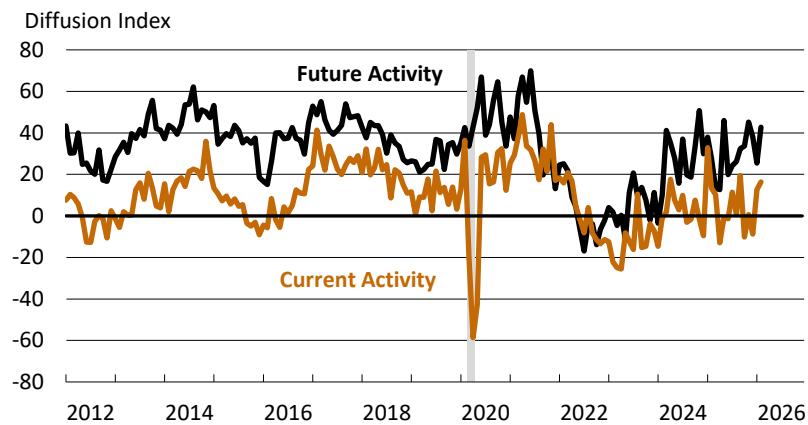
The firms reported mostly steady employment, but the employment index dipped into negative territory for the first time since June, falling from 9.7 to -1.3 this month. The majority of firms (84 percent) reported no change in employment levels, while the share of firms reporting decreases (8 percent) narrowly exceeded the share reporting increases (7 percent). The average workweek index fell from 9.1 to -11.6, its first negative reading since April.

### Price Indexes Decline but Remain Elevated

The prices paid index declined from 46.9 to 38.9, its third consecutive decrease and lowest reading since January 2025 (see Chart 2). Almost 40 percent of the firms reported increases in prices paid, 1 percent reported decreases, and 59 percent reported no change. The current prices received

### Chart 1. Current and Future General Activity Indexes

January 2012 to February 2026



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.

index fell 11 points to 16.7, its lowest reading since December 2024. Most firms reported no change in prices received (74 percent), while 21 percent reported increases, and 5 percent reported decreases.

### Smaller Share of Firms Expects Near-Term Changes to Industry Costs Relative to Last Quarter

In this month's special questions, the firms were asked about changes in core customer price sensitivity and anticipated cost changes (see Special Questions on page 3). Almost 31 percent of the firms reported that customers have become more price sensitive since last quarter, while 65 percent reported customers' sensitivity was about the same. Over 39 percent of the firms indicated they anticipate changes in their industry's costs in the near term (down from 61 percent last quarter), and 78 percent of those firms expect their competitors to raise prices in response.

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The next *Manufacturing Business Outlook Survey* will be released on March 19, 2026.

The 2026 Q1 *Price and Inflation Expectations Survey* will be released on Wednesday, February 25, 2026.

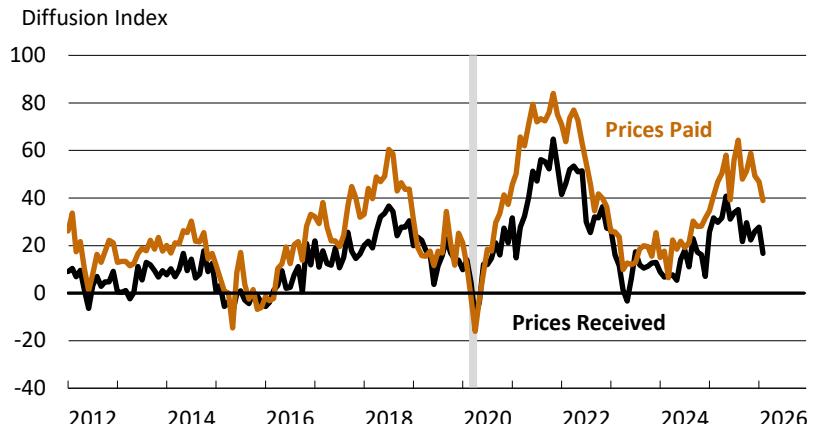
Regarding when these price changes will occur, the firms' median expectation was for competitors to change prices in the next three months. The firms were also asked about the net impacts of tariffs they experienced over the past year and what they expect the impacts of tariffs will be over the next year. More than 58 percent of the firms indicated a net negative impact from tariffs over the past year, 17 percent indicated a net positive impact, and 21 percent were not impacted. Looking ahead over the next year, 46 percent of the firms expect negative impacts from tariffs overall, 15 percent expect no impact, and another 15 percent expect positive impacts. Over 23 percent were unsure what the impact will be.

## Growth Expectations Are More Widespread

The diffusion index for future general activity increased from 25.5 to 42.8 this month, after two consecutive months of declines (see Chart 1). Similarly, the future new orders index rose to 54.1, its highest reading since November 2024, and the future shipments index moved up to 47.4. Both future price indexes declined but remained elevated. The future capital expenditures index fell by more than half to 14.4, its first decline and lowest reading since September.

## Chart 2. Current Prices Paid and Prices Received Indexes

January 2012 to February 2026



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 February *Manufacturing Business Outlook Survey* suggest regional manufacturing activity continued to expand this month. The indicators for current activity and new orders remained somewhat elevated, while the shipments index declined to a near-zero reading. The firms reported mostly steady employment. Both price indexes declined but remained elevated. Future indicators suggest that firms continue to expect growth over the next six months. ■

MANUFACTURING BUSINESS OUTLOOK SURVEY February 2026	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?	<b>12.6</b>	31.0	48.5	14.7	<b>16.3</b>	<b>25.5</b>	52.0	30.4	9.2	<b>42.8</b>
Company Business Indicators										
New Orders	<b>14.4</b>	29.4	52.8	17.8	<b>11.7</b>	<b>32.9</b>	62.6	22.4	8.5	<b>54.1</b>
Shipments	<b>9.5</b>	22.2	50.4	21.8	<b>0.3</b>	<b>40.8</b>	57.0	21.5	9.6	<b>47.4</b>
Unfilled Orders	<b>-4.8</b>	11.4	62.7	24.4	<b>-12.9</b>	<b>6.6</b>	30.1	49.1	8.7	<b>21.4</b>
Delivery Times	<b>7.3</b>	4.5	80.6	14.4	<b>-9.9</b>	<b>-0.4</b>	27.5	60.8	1.4	<b>26.1</b>
Inventories	<b>-8.4</b>	23.7	46.1	23.9	<b>-0.2</b>	<b>7.3</b>	32.0	34.6	19.5	<b>12.4</b>
Prices Paid	<b>46.9</b>	39.7	59.0	0.8	<b>38.9</b>	<b>66.6</b>	56.8	28.5	2.7	<b>54.1</b>
Prices Received	<b>27.8</b>	21.3	73.7	4.5	<b>16.7</b>	<b>61.8</b>	53.1	32.7	3.0	<b>50.1</b>
Number of Employees	<b>9.7</b>	6.5	83.8	7.8	<b>-1.3</b>	<b>28.8</b>	17.9	67.7	3.1	<b>14.9</b>
Average Employee Workweek	<b>9.1</b>	6.8	72.7	18.4	<b>-11.6</b>	<b>15.0</b>	30.8	57.5	3.1	<b>27.7</b>
Capital Expenditures	--	--	--	--	--	<b>30.3</b>	18.3	65.0	3.9	<b>14.4</b>

Special Questions (February 2026)	
<b>1. Since last quarter, have your core customers become more or less price sensitive?</b>	
	Percent (%)
More sensitive	30.8
About the same	65.4
Less sensitive	3.8
Don't know	0.0

2. Over the near term (roughly the next six months or so), can you clearly anticipate any changes in your industry's costs?	
	Percent (%)
Yes	39.1
No	60.9
<b>2a. How do you anticipate that your competitors will respond?*</b>	
	Percent (%)
Raise prices	77.8
Hold prices steady	11.1
Lower prices	0.0
Don't know	11.1
*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.	

3. Has your business been impacted by tariffs over the past year? Do you expect your business to be impacted by tariffs over the next year?		
	Over past year	Over next year
	Percent (%)	Percent (%)
Yes, net positive impact	16.7	15.4
Yes, net negative impact	58.3	46.2
No	20.8	15.4
Don't know	4.2	23.1