

# Manufacturing Business Outlook Survey

May 2026

Release Date: May 21, 2026

Manufacturing activity in the region weakened overall, according to the firms responding to the May *Manufacturing Business Outlook Survey*. The survey's indicators for general activity, new orders, and shipments all fell sharply this month. The employment index ticked up but remained negative, continuing to suggest overall declines in employment. Both price indexes declined this month but remained elevated. The firms continue to expect overall growth over the next six months, and most future indicators rose this month from already elevated readings.

## Most Current Indicators Decline

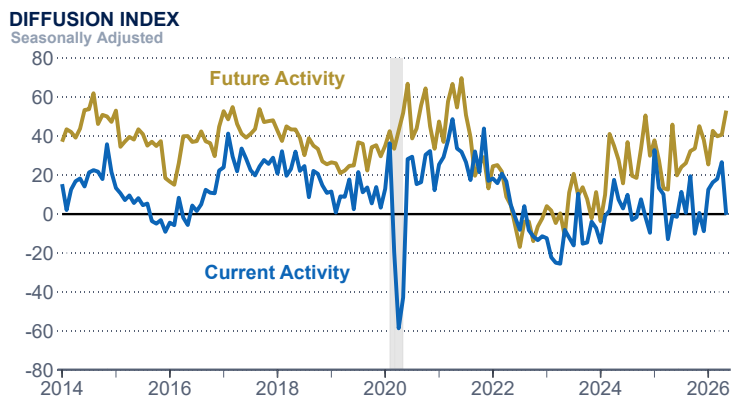
The diffusion index for current general activity fell from 26.7 in April to -0.4 in May after rising in each of the previous four months (see Chart 1). Equal shares of firms (almost 23 percent) reported increases in activity (down from 33 percent last month) and decreases (up from 6 percent); 55 percent of the firms reported no change in activity (down from 62 percent). The current shipments and new orders indexes also dropped sharply in May, with the latter falling into negative territory. The shipments index declined 29 points to 4.9, and the new orders index fell 35 points to -1.7, its lowest reading since April 2025. Over 30 percent of the firms reported decreases in new orders (up from 8 percent last month), 28 percent reported increases (down from 41 percent), and 42 percent reported no change (down from 49 percent).

The employment index rose 2 points to -2.8 in May, its third negative reading in four months. Most of the firms (73 percent) reported no change in employment levels this month, but the share reporting decreases (15 percent) exceeded the share reporting increases (12 percent). The average workweek index declined from 7.7 to 1.2.

## Price Indexes Remain Elevated but Decline

Both price indexes declined this month but remained above their long-run nonrecession averages. The prices

Chart 1. Current and Future General Activity Indexes  
January 2014 to May 2026



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease. Shaded areas indicate NBER recessions.

paid index fell 11 points to 47.9 in May (see Chart 2). Nearly 48 percent of the firms reported increases in input prices (down from 61 percent last month), while none reported decreases (down from 2 percent); 52 percent reported no change (up from 37 percent). The current prices received index declined 7 points to 26.3. More than 26 percent of the firms reported increases in the prices of their own goods, none reported decreases, and 74 percent reported no change.

## Larger Share of Firms Expects Near-Term Changes to Industry Costs

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). Over 42 percent of the firms reported that customers have become more price sensitive since last quarter, while 54 percent reported customers' sensitivity was about the same. Forty-eight percent of the firms indicated they anticipate changes in their industry's costs in the near term (up from 39 percent last quarter), and 75 percent of those

Note: Survey responses were collected from May 11 to May 18.  
The next *Manufacturing Business Outlook Survey* will be released on June 18, 2026.

The 2026 Q2 Price and Inflation Expectations Survey will be released on Wednesday, May 27, 2026.

firms expect 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.

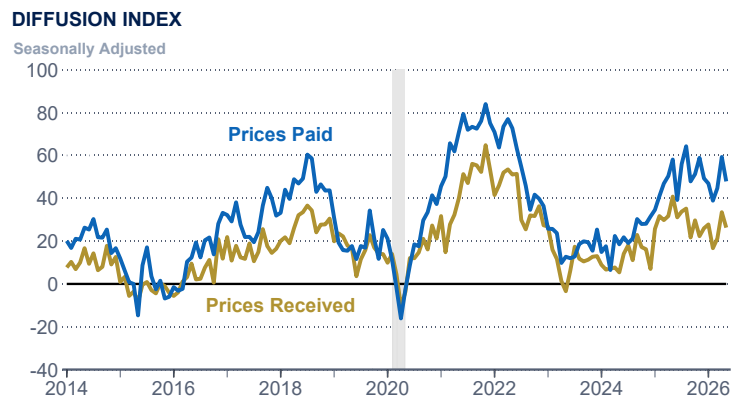
## Most Future Indicators Strengthen Further

The diffusion index for future general activity rose 12 points to 53.2 this month, its highest reading since June 2021 (see Chart 1). Almost 67 percent of the firms expect an increase in activity over the next six months (up from 57 percent last month), exceeding the 13 percent that expect a decrease (down from 16 percent); 18 percent expect no change (down from 25 percent). The future new orders index increased 8 points to 53.5, and the future shipments index rose 5 points to 45.7. The firms continue to expect increases in employment over the next six months, but the future employment index moved down 4 points to 31.7. Both future price indexes moved higher above their long-run averages. The future prices paid index jumped 20 points from 50.2 to 70.0, its highest reading since November. The future prices received index moved up from 50.2 to 60.5. The index for future capital expenditures declined 4 points to 30.9.

## Summary

Responses to the May *Manufacturing Business Outlook Survey* suggest an overall weakening in the region's manufacturing activity. The indicators for current activity, new orders, and shipments all fell sharply this month. The

**Chart 2. Current Prices Paid and Prices Received Indexes**  
January 2014 to May 2026



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease. Shaded areas indicate NBER recessions.

firms continued to report an overall decline in employment, on balance. Price increases were less widespread this month, but both price indexes remained elevated. The survey's broad indicators for future activity moved higher and continued to suggest expectations for growth over the next six months. ■

MANUFACTURING BUSINESS OUTLOOK SURVEY May 2026	May vs. April					Six Months from Now vs. May				
	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?	26.7	22.5	54.6	22.9	<b>-0.4</b>	40.8	66.5	17.5	13.2	<b>53.2</b>
Company Business Indicators										
New Orders	33.0	28.4	41.5	30.1	<b>-1.7</b>	45.7	64.0	17.7	10.5	<b>53.5</b>
Shipments	34.0	27.5	49.9	22.6	<b>4.9</b>	40.8	61.4	21.4	15.8	<b>45.7</b>
Unfilled Orders	-10.2	11.4	74.7	13.9	<b>-2.5</b>	-4.1	32.2	49.4	13.1	<b>19.2</b>
Delivery Times	1.7	8.3	72.7	18.7	<b>-10.4</b>	2.7	24.2	51.6	23.2	<b>1.0</b>
Inventories	-1.9	17.1	72.5	10.4	<b>6.6</b>	-0.7	33.2	42.0	21.4	<b>11.8</b>
Prices Paid	59.3	47.9	51.8	0.0	<b>47.9</b>	50.2	73.5	18.1	3.5	<b>70.0</b>
Prices Received	33.5	26.3	73.7	0.0	<b>26.3</b>	50.2	64.0	28.7	3.5	<b>60.5</b>
Number of Employees	-5.1	12.4	72.5	15.2	<b>-2.8</b>	35.9	31.7	65.4	0.0	<b>31.7</b>
Average Employee Workweek	7.7	12.9	75.4	11.7	<b>1.2</b>	30.3	27.6	62.1	9.2	<b>18.4</b>
Capital Expenditures	--	--	--	--	--	35.2	32.9	61.4	2.0	<b>30.9</b>

### 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 May 18, 2026.

# MBOS Special Questions

1. Since last quarter, have your core customers become more or less price sensitive?	
	Percent (%)
More sensitive	42.3
About the same	53.8
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	48.0
No	52.0

2a. How do you anticipate that your competitors will respond?*	
	Percent (%)
Raise prices	75.0
Hold prices steady	16.7
Lower prices	0.0
Don't know	8.3

\*Only firms that responded "yes" to question 2 responded to question 2a.

2b. How soon do you anticipate your competitors will change prices?***	
	Number of months
Median response	3.0

\*\*\*Only firms that responded "raise prices" or "lower prices" to question 2a responded to question 2b.