MBOS

Manufacturing Business Outlook Survey

June 2026

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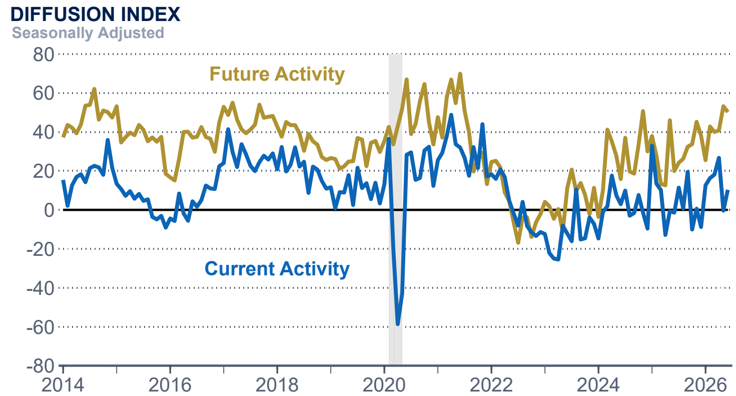
Manufacturing activity in the region expanded overall, according to the firms responding to the June *Manufacturing Business Outlook Survey*. The survey's indicators for general activity and new orders rebounded into positive territory this month. The shipments index moved higher. The employment index also returned to positive territory, although most firms continued to report no changes in employment overall. The prices paid index rose this month, while the prices received index moved down. The firms continue to expect overall growth over the next six months.

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

Most Current Indicators Improve

The diffusion index for current general activity rose from -0.4 in May to 10.3 in June (see Chart 1). Over 32 percent of the firms reported increases, exceeding the 22 percent reporting decreases; 45 percent of the firms reported no change in current activity. The current shipments index rose 10 points to 14.9, and the index for current new orders rose 29 points to 27.3. Over 43 percent of the firms reported increases in new orders (up from 28 percent last month), 16 percent reported decreases (down from 30 percent), and 41 percent reported no change in new orders, the latter of which was relatively unchanged from May. The inventories index fell 15 points to -8.5, its lowest reading since July 2024.

The firms reported an increase in employment overall, as the employment index rose 11 points to 7.9 in June, its highest reading since January. Although most firms (74 percent) reported no change in employment levels this month, 17 percent reported increases, while 9 percent reported decreases. The average workweek index fell 8 points to -6.5, its first negative reading since February.

Price Indexes Remain Elevated

On balance, the firms continued to report overall increases in prices. The prices paid index rose 5 points to 53.2 in June (see Chart 2). Nearly 54 percent of the firms reported increases in input prices, 42 percent reported no change, and almost zero firms reported decreases. The current prices received index moved down 6 points to 20.3, its lowest reading since February, but was still elevated relative to its long-term average. More than 20 percent of the firms reported increases in the prices of their own goods, 77 percent reported no change, and no firms reported decreases.

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 second quarter ending this month compared with the first quarter of 2026 (see Special Questions on page 3). A higher share of the firms reported an increase in production (48 percent) than reported a decrease (22 percent). Regarding the firms' capacity utilization for the current quarter and one year ago, the median current capacity utilization rate reported among the responding firms was unchanged at 70 to 80 percent.

Note: Survey responses were collected from June 8 to June 15.
The next *Manufacturing Business Outlook Survey* will be released on July 16, 2026.

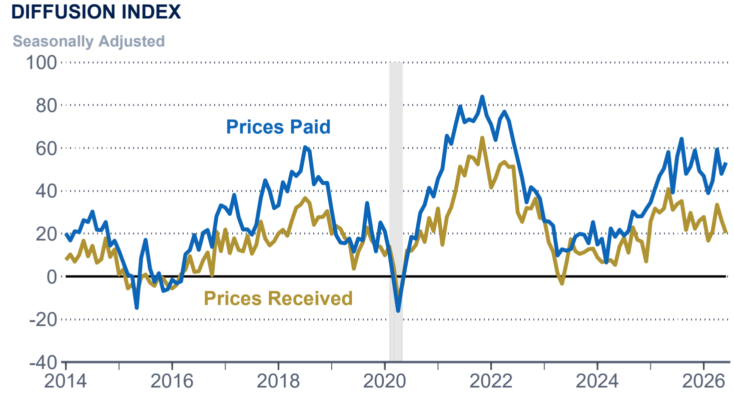
For more regional economic analysis, see www.philadelphiafed.org/regional-economy.

Nearly 74 percent of the firms reported that uncertainty was at least a slight constraint to capacity utilization in the current quarter, down from 82 percent when the question was last asked in March. Looking ahead over the next three months, most of the firms expect the impacts of various factors to stay the same. However, 44 percent of the firms expect the impact of uncertainty to worsen over the next three months, and 36 percent expect the impact of energy markets to worsen.

Firms Continue to Expect Growth

The diffusion index for future general activity declined 3 points to 50.2 this month (see Chart 1). More than 61 percent of the firms expect an increase in activity over the next six months, 11 percent expect a decrease, and 16 percent expect no change. The future new orders index rose 7 points to 60.8, and the future shipments index jumped 15 points to 60.3; both indexes are at five-year highs. The firms continue to expect increases in employment over the next six months, as the future employment index remained elevated at 30.8. The future price indexes moved in different directions but remained above their respective long-run averages: The future prices paid index fell from 70.0 to 63.2, while the future prices received index rose 7 points to 67.2. The index for future capital expenditures rose 10 points to 41.2, its highest reading since June 2021.

Chart 2. Current Prices Paid and Prices Received Indexes
January 2014 to June 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.

Summary

Responses to the June *Manufacturing Business Outlook Survey* suggest overall expansion in the region's manufacturing activity. The indicators for current activity, new orders, and shipments rose and were all positive. On balance, the firms continued to indicate overall increases in prices. The survey's broad indicators for future activity continued to suggest expectations for growth over the next six months. ■

MANUFACTURING BUSINESS OUTLOOK SURVEY June 2026	June vs. May					Six Months from Now vs. June				
	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?	-0.4	32.1	45.4	21.9	**10.3**	53.2	61.4	15.7	11.2	**50.2**
Company Business Indicators										
New Orders	-1.7	43.1	41.2	15.8	**27.3**	53.5	68.5	16.0	7.7	**60.8**
Shipments	4.9	33.3	43.2	18.4	**14.9**	45.7	64.1	20.1	3.8	**60.3**
Unfilled Orders	-2.5	20.9	67.3	10.4	**10.5**	19.2	29.9	48.0	12.7	**17.3**
Delivery Times	-10.4	8.2	78.3	10.8	**-2.6**	1.0	13.5	67.9	11.0	**2.5**
Inventories	6.6	14.6	62.4	23.0	**-8.5**	11.8	23.9	52.4	13.9	**10.0**
Prices Paid	47.9	53.5	41.8	0.4	**53.2**	70.0	63.2	26.3	0.0	**63.2**
Prices Received	26.3	20.3	77.4	0.0	**20.3**	60.5	67.2	26.6	0.0	**67.2**
Number of Employees	-2.8	17.0	73.8	9.2	**7.9**	31.7	33.6	54.0	2.8	**30.8**
Average Employee Workweek	1.2	13.5	66.5	20.0	**-6.5**	18.4	38.8	49.6	4.6	**34.3**
Capital Expenditures	--	--	--	--	**--**	30.9	41.2	54.6	0.0	**41.2**

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 June 15, 2026.

MBOS Special Questions

1. How will your firm's total production for the second quarter of 2026 compare with that of the first quarter of 2026?		
An increase of:	**% of firms**	**Subtotals**
10% or more	13.0	% of firms reporting an increase: 47.8
5–10%	13.0	
0–5%	21.7	
No change	30.4	
A decline of:		
0–5%	8.7	% of firms reporting a decrease: 21.7
5–10%	8.7	
10% or more	4.3	

2. Which of the following best characterizes your plant's percentage capacity utilization currently (2026:Q2) and one year ago (2025:Q2)?		
	2026:Q2	**2025:Q2**
Capacity Utilization Rate	**% of reporters**	**% of reporters**
Less than 30%	0.0	0.0
30–40%	0.0	5.0
40–50%	0.0	5.0
50–60%	13.0	5.0
60–70%	21.7	15.0
70–80%	34.8	40.0
80–90%	26.1	15.0
90–100%	4.3	15.0
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	56.5	17.4	13.0	13.0	36.4	54.5	9.1
Financial capital	78.3	8.7	8.7	4.3	18.2	81.8	0.0
Labor supply	50.0	22.7	9.1	18.2	22.7	72.7	4.5
Supply chains	40.9	31.8	27.3	0.0	27.3	63.6	9.1
Uncertainty	26.1	21.7	17.4	34.8	43.5	43.5	13.0
Other factors	57.1	14.3	14.3	14.3	8.3	83.3	8.3