

July 2020

Note: Survey responses were collected from July 6 to July 13.

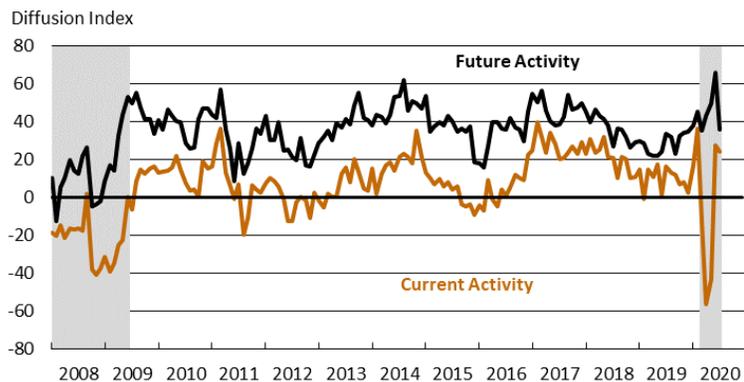
Manufacturing activity in the region continued to expand this month, according to firms responding to the July *Manufacturing Business Outlook Survey*. The survey's current indicators for general activity, new orders, and shipments showed positive readings for the second consecutive month, coinciding with the phased reopening of the economy in our region. The employment index reached positive territory for the first time since March. Although future indicators for general activity, new orders, and shipments declined from last month's readings, the indexes remained elevated, suggesting that the firms expect overall growth over the next six months.

Most Current Indicators Are Positive

The diffusion index for current activity edged down 3 points to 24.1 in July, its second consecutive positive reading after reaching long-term lows in the spring (see Chart 1). The percentage of firms reporting increases (45 percent) this month exceeded the percentage reporting decreases (21 percent). The index for new orders rose from 16.7 to 23.0. Nearly 47 percent of the firms reported increases this month, while 24 percent reported decreases. The current shipments index fell 10 points to 15.3 in July. Unfilled orders rose 4 points to 3.9, while delivery times fell 7 points to -6.4, suggesting shorter delivery times.

The firms reported increases in manufacturing employment overall for the first time since March, as the current employment index rose 24 points to 20.1 this month, its highest reading since October. More than 29 percent of the firms reported increases (up from 12 percent last month), while 9 percent reported decreases (down from 16 percent). The average workweek index rose 24 points to 17.2, also reaching its first positive reading since March.

Chart 1. Current and Future General Activity Indexes
January 2008 to July 2020



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 Report Overall Increases in Prices

The prices paid diffusion index increased 5 points to 15.7 (see Chart 2). Nearly 16 percent of the firms reported increases in input prices, and none reported decreases; most firms (84 percent) reported no change. The current prices received index, reflecting manufacturers' own prices, held steady at 11.5.

All Future Indicators Remain Positive

The respondents remained optimistic about growth over the next six months. The diffusion index for future general activity fell 30 points to 36.0 in July (see Chart 1). Roughly half of the firms reported increases this month (down from 75 percent last month), while 13 percent reported decreases (up from 9 percent). The future new orders index fell 12 points to 55.6, while the future shipments index decreased 14 points to 51.3 this month. The future inventories index rose 6 points to a reading of 8.9.

The firms' expectations for future prices remained positive

Released: July 16, 2020, 8:30 a.m. ET.

The August 2020 *Manufacturing Business Outlook Survey* will be released on August 20, 2020, at 8:30 a.m. ET.



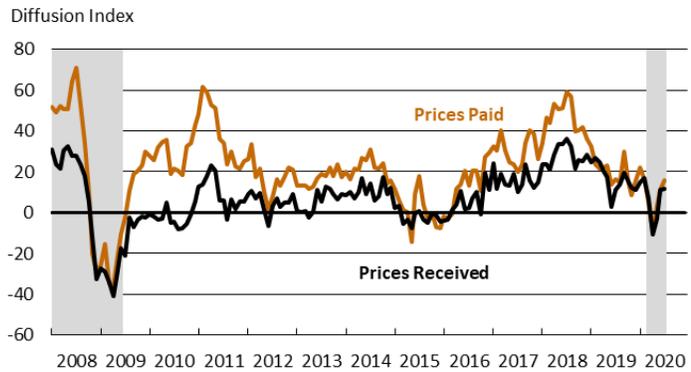
this month: The future prices paid index edged down 1 point to 43.0, and the future prices received index fell 4 points to 24.7.

The firms continued to expect increases in employment over the next six months, with the future employment index edging up 3 points. Nearly 37 percent of the firms expected higher employment, while 4 percent expected lower employment. The firms' expectations for future capital spending held steady this month.

Summary

Responses to the July *Manufacturing Business Outlook Survey* indicated continued improvement in manufacturing activity. The indicators for current activity, new orders, and shipments remained positive for the second consecutive month, and the employment index reached positive territory for the first time since March. Both prices paid and prices received indexes remained positive. The survey's future indexes suggest that respondents continue to expect growth in manufacturing activity over the next six months. ■

Chart 2. Current Prices Paid and Prices Received Indexes
January 2008 to July 2020



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.

MANUFACTURING BUSINESS OUTLOOK SURVEY July 2020	July vs. June					Six Months from Now vs. July				
	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?	27.5	45.1	29.4	21.1	24.1	66.3	48.5	22.6	12.5	36.0
Company Business Indicators										
New Orders	16.7	46.7	29.4	23.7	23.0	67.9	66.0	19.2	10.4	55.6
Shipments	25.3	38.2	38.7	22.9	15.3	65.0	64.5	16.2	13.1	51.3
Unfilled Orders	-0.1	16.9	68.9	12.9	3.9	31.5	28.3	58.9	6.4	22.0
Delivery Times	0.4	9.7	72.4	16.0	-6.4	18.5	25.6	55.0	15.1	10.5
Inventories	0.0	10.6	64.7	22.4	-11.8	2.9	28.5	49.3	19.6	8.9
Prices Paid	11.1	15.7	84.3	0.0	15.7	44.3	45.6	47.4	2.6	43.0
Prices Received	11.0	14.4	82.8	2.9	11.5	28.9	31.2	58.2	6.4	24.7
Number of Employees	-4.3	29.2	61.6	9.1	20.1	29.6	36.8	55.1	4.3	32.4
Average Employee Workweek	-6.5	26.3	64.4	9.2	17.2	25.9	32.5	55.6	5.3	27.3
Capital Expenditures	--	--	--	--	--	26.3	33.0	58.1	6.4	26.6

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 percent because of rounding, omission by respondents, or both.
- (4) Survey results reflect data received through July 13, 2020.