

Note: Survey responses were collected from June 7 to June 14.

Manufacturing activity in the region continued to grow, according to the firms responding to the June *Manufacturing Business Outlook Survey*. The survey's indicators for general activity, new orders, and shipments remained elevated, although movements were mixed. Additionally, the employment index increased, while the price indexes climbed above last month's long-term highs. Most future indicators improved, suggesting that more firms expect overall growth over the next six months.

Current Indicators Remain Elevated

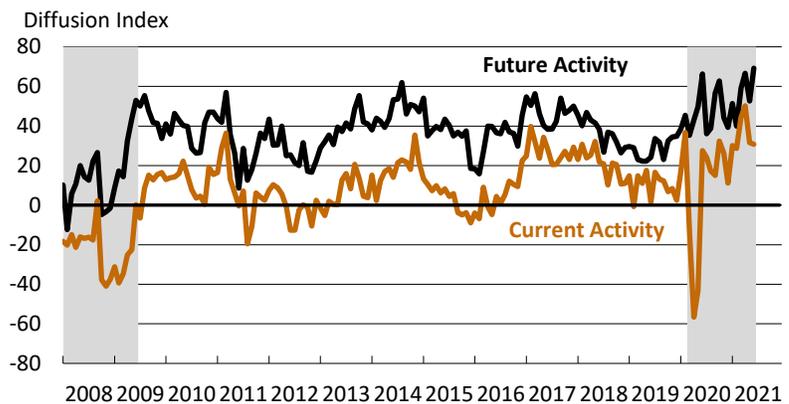
The diffusion index for current general activity edged down 1 point to 30.7 this month (see Chart 1). The index for new orders decreased 10 points to a reading of 22.2. Over 36 percent of the firms reported increases in new orders this month (down from 44 percent last month), while 14 percent reported decreases (up from 11 percent). The current shipments index rose 6 points to 27.2 in June. Over 41 percent of the firms reported increases in shipments this month, while 14 percent reported decreases.

On balance, the firms continued to report increases in employment, as the employment index increased 11 points, recovering its losses from last month. The majority of responding firms (52 percent) reported steady employment levels, and the share reporting increases (39 percent) exceeded the share reporting decreases (8 percent).

Price Increases Remain Widespread

The prices paid diffusion index rose for the second consecutive month, 4 points to 80.7, its highest reading since June 1979 (see Chart 2). The percentage of firms reporting increases in input prices (82 percent) was higher than the percentage reporting decreases (1 percent). The current prices received index rose for the fourth consecutive month, moving up 9 points to 49.7, its highest reading since October 1980. Over 51 percent of the firms reported increases in

Chart 1. Current and Future General Activity Indexes
January 2008 to June 2021



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.

prices received this month (up from 43 percent last month), while only 2 percent reported decreases (the same as last month).

Firms Report Higher Production and Capacity Utilization

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 2021 (see Special Questions on page 3). The share of firms reporting expected increases in second-quarter production (59 percent) was greater than the share reporting decreases (24 percent), and the median response was an increase of 0 to 5 percent. The firms were also asked about their current capacity utilization rate as well as their utilization rate one year ago. The median current capacity utilization rate reported among the responding firms was 70 to 80 percent, higher than the median rate of 60 to 70 percent reported for one year ago. A majority of firms reported labor supply (69 percent) and supply chain issues (80 percent) constraining current capacity utilization.

Released: June 17, 2021, 8:30 a.m. ET.
The July 2021 *Manufacturing Business Outlook Survey* will be released on July 15, 2021, at 8:30 a.m. ET.



Firms Remain Optimistic About Growth

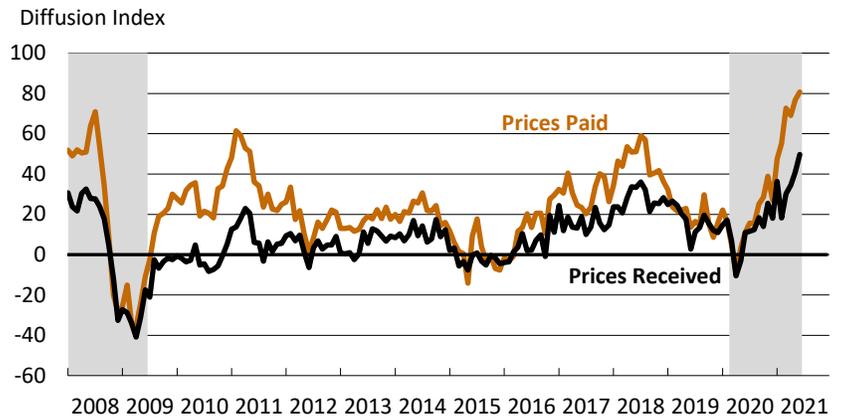
The diffusion index for future general activity increased 17 points from its May reading, reaching 69.2, its highest level in nearly 30 years (see Chart 1). Over 75 percent of the firms expect increases in activity over the next six months, while 6 percent expect declines. The future shipments and new orders indexes also improved, increasing 15 points and 18 points, respectively. The future employment index rose 2 points to 54.0. Over 59 percent of the firms expect to increase employment in their manufacturing plants over the next six months, compared with only 5 percent that anticipate employment declines.

Summary

Responses to the June *Manufacturing Business Outlook Survey* suggest continued expansion in regional manufacturing conditions this month. The indicators for current activity, new orders, and shipments remain elevated. Additionally, both price indexes reached long-term highs. The survey's future indexes indicate that respondents expect growth over the remainder of the year. ■

Chart 2. Current Prices Paid and Prices Received Indexes

January 2008 to June 2021



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 June 2021	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?	31.5	41.6	47.5	10.9	30.7	52.7	75.4	18.4	6.2	69.2
Company Business Indicators										
New Orders	32.5	36.4	48.6	14.2	22.2	50.3	74.1	20.1	5.7	68.4
Shipments	21.0	41.2	44.7	14.0	27.2	57.4	75.8	20.4	3.9	71.9
Unfilled Orders	40.4	33.4	55.7	10.9	22.5	15.9	35.8	47.7	16.6	19.2
Delivery Times	41.5	39.1	51.0	9.8	29.3	-4.0	37.3	43.7	16.7	20.6
Inventories	25.6	32.0	53.9	14.1	17.9	16.9	31.9	46.0	22.1	9.8
Prices Paid	76.8	81.6	17.4	1.0	80.7	66.7	76.5	18.1	5.4	71.1
Prices Received	41.0	51.4	46.1	1.7	49.7	58.4	76.4	15.1	8.5	67.8
Number of Employees	19.3	38.5	52.4	7.8	30.7	52.1	59.4	35.2	5.4	54.0
Average Employee Workweek	35.5	28.3	63.4	8.2	20.1	23.1	31.9	57.9	10.2	21.6
Capital Expenditures	--	--	--	--	--	37.4	44.0	49.7	3.6	40.4

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 14, 2021.

Special Questions (June 2021)		
1. How will your firm's total production for the second quarter of 2021 compare with that of the first quarter ?		
An increase of:	% of firms	Subtotals
20% or more	6.9	% of firms reporting an increase: 58.6
15–20%	1.7	
10–15%	6.9	
5–10%	27.6	
0–5%	15.5	
No change	17.2	
A decline of:		
0–5%	6.9	% of firms reporting a decrease: 24.1
5–10%	6.9	
10% or more	10.3	
2. Which of the following best characterizes your plant's percentage capacity utilization currently (2021:Q2) compared with a year ago (2020:Q2)?		
Capacity Utilization Rate	2021:Q2 % of Reporters	2020:Q2 % of Reporters
Less than 30%	3.4	3.6
30–40%	3.4	10.9
40–50%	1.7	10.9
50–60%	1.7	7.3
60–70%	22.4	21.8
70–80%	20.7	21.8
80–90%	31.0	18.2
90–100%	15.5	5.5
Median Utilization Rate	70–80	60–70
3. Have any of the factors below acted as constraints on capacity utilization this quarter?*		
	% of Reporters	
Labor issues	69.2	
Supply chain issues	79.5	
COVID-19 mitigation measures (e.g., reduced operations, distancing)	17.9	
Other factors	17.9	
*Percentages will not add to 100 because more than one action could be selected.		

