

October 2021

Note: Survey responses were collected from October 12 to October 18.

Manufacturing activity in the region continued to expand this month, according to the firms responding to the October *Manufacturing Business Outlook Survey*. The survey's indicator for general activity declined, the new orders index improved, and the shipments index held steady. Both price indexes remained elevated. The survey's future indexes suggest that the surveyed firms remained generally optimistic about growth over the next six months.

Current Indicators Remain Positive

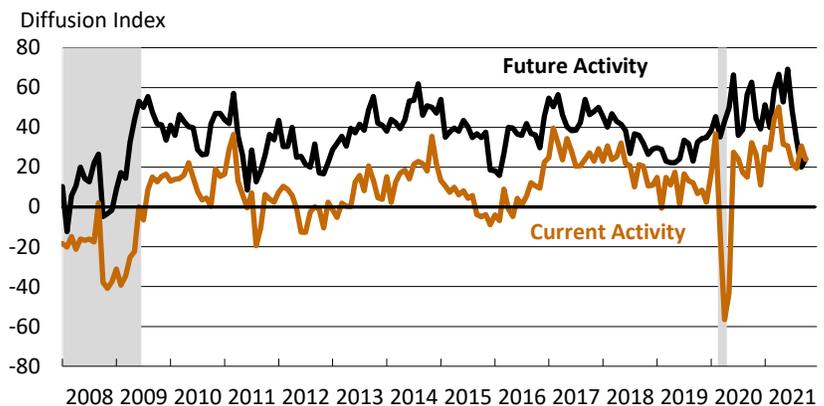
The diffusion index for current general activity fell 7 points to 23.8 this month (see Chart 1). More than 40 percent of the firms reported increases in general activity this month (up from 34 percent last month), while 17 percent reported decreases (up from 3 percent). The current shipments index was essentially unchanged at 30.0 in October. The index for new orders rose 15 points to a reading of 30.8. Over 47 percent of the firms reported increases in new orders this month, while 16 percent reported decreases.

The firms continued to report increases in employment on balance, with the employment index rising from 26.3 in September to 30.7 this month. The majority of responding firms (65 percent) reported steady employment levels, and the share reporting increases (31 percent) exceeded the share reporting decreases (1 percent). The average workweek index fell 2 points to 27.8.

Price Indicators Remain Elevated

The indicators for prices paid and prices received remained elevated this month. The prices paid index rose 3 points to 70.3 (see Chart 2). The percentage of firms reporting increases in input prices (73 percent) far exceeded the percentage reporting decreases (3 percent); 22 percent of the firms reported no change. The current prices received index edged down 2 points to 51.1. Over 58 percent of the firms reported increases in prices received for their own

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

goods this month, 7 percent reported decreases, and 34 percent reported no change.

Firms Anticipate Higher Capital Expenditures Next Year

For this month's special questions, manufacturers were asked about their plans for different categories of capital spending next year (see Special Question). For five out of six categories of investment spending (software, noncomputer equipment, computer equipment, energy-saving investments, and other), the share of firms expecting to increase spending was higher than the share of firms expecting to decrease spending. On balance, the firms expect larger increases for software and noncomputer equipment and a small net decrease in capital expenditures on structure next year.

Firms Remain Optimistic About Growth

The diffusion index for future general activity rose 4 points to 24.2 (see Chart 1). The share of firms expecting increases in activity over the next six months (47 percent) exceeded

Released: October 21, 2021, 8:30 a.m. ET.

The November 2021 *Manufacturing Business Outlook Survey* will be released on November 18, 2021, at 8:30 a.m. ET.



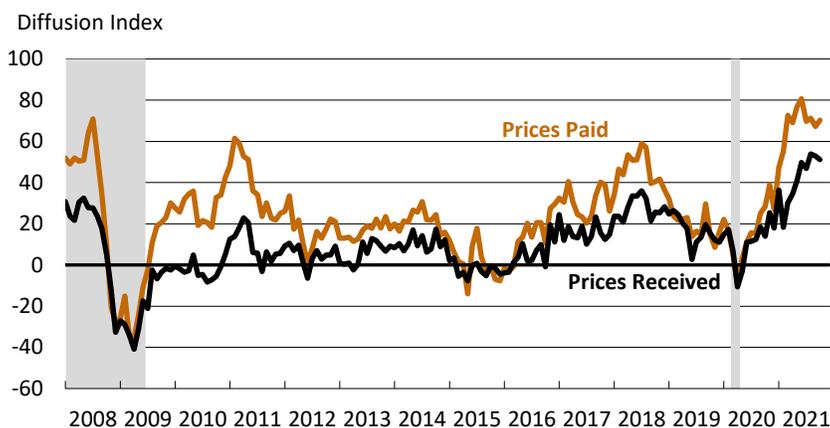
the share expecting decreases (23 percent). The future new orders index declined 6 points, while the future shipments index fell 11 points. The firms continued to expect overall increases in employment over the next six months, with the future employment index ticking down 1 point to 37.5. Over 45 percent of the firms expect to increase employment in their manufacturing plants over the next six months; only 8 percent anticipate employment declines.

Summary

Responses to the October *Manufacturing Business Outlook Survey* suggest continued expansion in regional manufacturing conditions this month. The indicator for current activity fell from its September reading, while the new orders index rose and the shipments index remained stable. The price indexes remain elevated and continue to suggest widespread increases in prices. The survey's future indexes indicate that respondents continue to expect growth over the next six months. ■

Chart 2. Current Prices Paid and Prices Received Indexes

January 2008 to October 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 October 2021	October vs. September					Six Months from Now vs. October				
	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?	30.7	40.3	41.2	16.5	23.8	20.0	46.9	20.9	22.7	24.2
Company Business Indicators										
New Orders	15.9	47.1	36.6	16.3	30.8	32.1	42.4	37.2	16.1	26.2
Shipments	29.9	43.3	41.9	13.3	30.0	41.6	50.9	24.2	20.5	30.5
Unfilled Orders	5.4	30.1	51.7	17.4	12.7	-10.0	13.8	50.9	31.9	-18.1
Delivery Times	20.4	41.6	49.0	9.4	32.2	7.8	20.7	52.0	22.3	-1.7
Inventories	19.2	30.9	54.5	12.0	18.8	14.4	37.2	44.3	13.6	23.6
Prices Paid	67.3	73.3	21.9	3.0	70.3	53.5	65.3	28.1	1.2	64.1
Prices Received	52.9	58.4	33.5	7.3	51.1	62.2	58.8	38.4	0.0	58.8
Number of Employees	26.3	31.2	65.4	0.5	30.7	38.6	45.1	42.0	7.6	37.5
Average Employee Workweek	29.3	33.4	61.1	5.6	27.8	15.4	35.1	52.8	7.9	27.2
Capital Expenditures	--	--	--	--	--	23.6	37.6	52.3	5.2	32.4

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 October 18, 2021.

Special Question (October 2021)

Comparing 2022 with 2021, do you expect capital expenditures to be higher, the same, or lower for each of the following categories?

	Higher (% of reporters)	Same (% of reporters)	Lower (% of reporters)	Diffusion Index
Software	37.5	52.1	10.4	27.1
Noncomputer equipment	50.0	37.5	12.5	37.5
Energy-saving investments	20.8	66.7	12.5	8.3
Computer & related hardware	29.2	60.4	10.4	18.8
Structure	25.0	45.8	29.2	-4.2
Other	18.2	72.7	9.1	9.1
Total capital spending	53.2	31.9	14.9	38.3