

October 2022

Note: Survey responses were collected from October 10 to October 17.

Manufacturing activity in the region continued to decline overall this month, according to the firms responding to the October *Manufacturing Business Outlook Survey*. The survey's indicators for general activity and new orders remained negative, and the shipments index was little changed at a low but positive reading. The firms continued to report higher employment on balance, and both price indexes indicate overall increases in prices. The survey's future general activity indexes suggest that the surveyed firms expect declines overall over the next six months.

Current Indicators Remain Weak

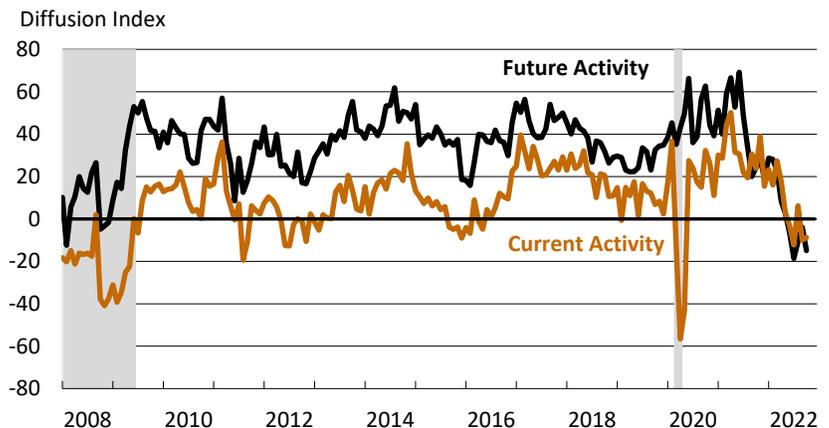
The diffusion index for current general activity edged up 1 point but remained negative at -8.7 this month (see Chart 1). This is the index's fourth negative reading in the past five months. Nearly 24 percent of the firms reported decreases in general activity this month, while 15 percent reported increases; most firms (55 percent) reported no change. The index for new orders ticked up 2 points to -15.9, and the current shipments index was essentially unchanged at 8.6 in October, its lowest reading since May 2020.

The firms continued to report increases in employment on balance. The employment index rose from 12.0 to 28.5 this month, more than offsetting its decline from last month. Just over 29 percent of the firms reported increases in employment (up from 15 percent last month), while 1 percent reported decreases (down from 3 percent); 63 percent reported steady employment levels (down from 83 percent). The average workweek index returned to positive territory, rising 14 points to 10.4.

Firms Continue to Report Price Increases

The indicators for prices paid and prices received rose modestly this month following steady declines through the summer. The prices paid index — which had fallen 55 points between April and September of this year — rose 7 points to

Chart 1. Current and Future General Activity Indexes
January 2008 to October 2022



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.

36.3 (see Chart 2). The percentage of firms reporting increases in input prices (46 percent) exceeded the percentage reporting decreases (10 percent); 43 percent of the firms reported no change. The current prices received index edged up 1 point to 30.8. Nearly 41 percent of the firms reported increases in prices received for their own goods this month, 10 percent reported decreases, and 44 percent reported no change.

Firms Anticipate Higher Capital Expenditures Next Year

For this month's special question, manufacturers were asked about their plans for different categories of capital expenditures next year (see Special Question). Although a higher share of firms expects to increase total capital spending rather than decrease total spending (37 percent versus 24 percent), the share of firms expecting to decrease spending exceeded the share of firms expecting to increase spending in four out of six categories (software, structure, computer and related hardware, and other).

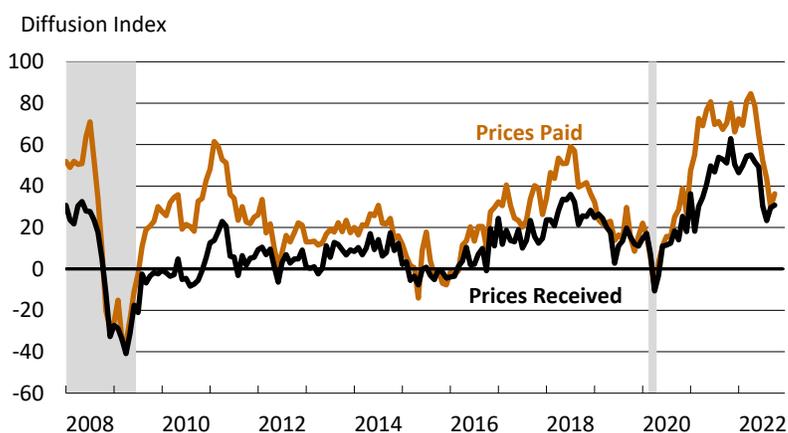
Released: October 20, 2022, 8:30 a.m. ET.
The November 2022 *Manufacturing Business Outlook Survey* will be released on November 17, 2022, at 8:30 a.m. ET.



Future Indicators Deteriorate

The diffusion index for future general activity fell from -3.9 to -14.9, its fifth consecutive negative reading (see Chart 1). The share of firms expecting decreases in activity over the next six months (37 percent) exceeded the share expecting increases (22 percent); roughly one-third of the firms expect no change. The future new orders index fell 23 points to -16.7, its fourth negative reading in the past five months, while the future shipments index fell 16 points but remained positive at 4.7. The firms continued to expect overall increases in employment over the next six months, but the future employment index declined 10 points to 12.2. The future capital expenditures index was essentially unchanged at 4.4.

Chart 2. Current Prices Paid and Prices Received Indexes
January 2008 to October 2022



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.

Summary

Responses to the October *Manufacturing Business Outlook Survey* suggest continued overall declines in regional manufacturing conditions this month. The indicators for current activity and new orders remained negative, while the shipments index remained stable but low. The firms continued to indicate overall increases in employment, and the current price indexes continue to suggest increases in prices on balance. The survey's broad indicators for future activity deteriorated, suggesting that firms expect overall declines over the next six months. ■

MANUFACTURING BUSINESS OUTLOOK SURVEY October 2022	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?	-9.9	15.2	54.5	23.9	-8.7	-3.9	22.0	33.1	36.9	-14.9
Company Business Indicators										
New Orders	-17.6	16.4	50.0	32.3	-15.9	6.0	25.9	24.9	42.5	-16.7
Shipments	8.8	27.0	51.0	18.4	8.6	20.6	34.8	30.4	30.2	4.7
Unfilled Orders	-28.5	6.7	61.1	29.2	-22.5	-22.3	12.6	47.7	36.1	-23.5
Delivery Times	-18.2	14.7	56.6	27.3	-12.6	-23.7	15.6	57.3	21.8	-6.3
Inventories	-4.8	15.7	62.2	17.3	-1.7	5.0	20.5	43.0	29.3	-8.8
Prices Paid	29.8	45.9	42.6	9.6	36.3	45.1	44.1	33.9	18.3	25.8
Prices Received	29.6	40.7	44.3	9.9	30.8	39.4	37.2	44.7	13.8	23.4
Number of Employees	12.0	29.1	63.1	0.6	28.5	22.4	22.4	61.8	10.2	12.2
Average Employee Workweek	-3.8	14.3	79.9	3.9	10.4	10.8	16.0	60.5	19.0	-3.0
Capital Expenditures	--	--	--	--	--	4.6	20.7	55.6	16.3	4.4

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 17, 2022.

Special Question (October 2022)

Comparing 2023 with 2022, 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	23.9	50.0	26.1	-2.2
Noncomputer equipment	37.0	45.7	17.4	19.6
Energy-saving investments	17.4	71.7	10.9	6.5
Computer and related hardware	17.4	60.9	21.7	-4.3
Structure	23.9	50.0	26.1	-2.2
Other	0.0	84.6	15.4	-15.4
Total capital spending	37.0	39.1	23.9	13.0