

November 2022

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

Manufacturing activity in the region continued to decline, according to the firms responding to the November *Manufacturing Business Outlook Survey*. The general activity index declined further, the new orders index remained negative, and the shipments index remained positive but low. The employment index declined but continued to suggest overall hiring, and the price indexes continued to suggest overall increases. Although the survey's future indexes rose slightly, they continued to suggest that the firms expect overall declines in activity and new orders six months from now.

### Current Indicators Remain Weak

The diffusion index for current activity fell from a reading of -8.7 last month to -19.4 this month (see Chart). This is the index's third consecutive negative reading and fifth negative reading in the past six months. Nearly 36 percent of the firms reported decreases (up from 24 percent last month), exceeding the 17 percent of firms reporting increases (up from 15 percent). Most firms (47 percent) reported no change in current activity this month. The index for current new orders was little changed at -16.2, and the current shipments index edged down 2 points to 7.0.

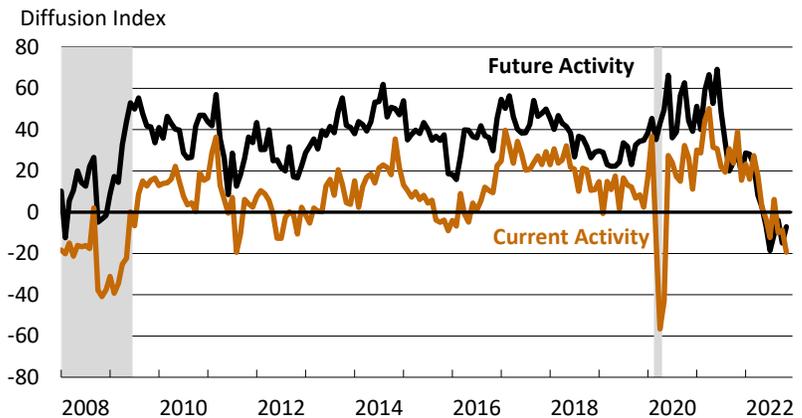
The firms reported overall increases in manufacturing employment, but the current employment index fell 21 points to 7.1. Although most firms (69 percent) reported steady employment levels, 19 percent of the firms reported higher employment, and 12 percent reported lower employment. The average workweek index declined from 10.4 to 1.4.

### Firms Continue to Report Overall Increases in Prices

The indexes for prices paid and prices received continue to indicate overall price increases for inputs and the firms' own goods. The prices paid diffusion index ticked down 1 point to 35.3. Nearly 47 percent of the firms reported increases in input prices, and 12 percent reported decreases; 41 percent

### Chart. Current and Future General Activity Indexes

January 2008 to November 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.

reported no change. The current prices received index moved up 4 points to 34.6, its highest reading since June. Almost 38 percent of the firms reported increases in the prices of their own goods, 3 percent reported decreases, and 59 percent reported no change.

### Firms Expect Own Price Increases in Line with Inflation Rate

In this month's special questions, the firms were asked to forecast the changes in prices of their own products and for U.S. consumers over the next four quarters (see Special Questions). Regarding their own prices over the next year, the firms' median forecast was for an expected increase of 4.8 percent, down slightly from 5.0 percent when this question was last asked in August. The firms reported a median increase of 7.5 percent in their own prices over the past year, down from 10.0 percent in August. The firms' median forecast for the rate of inflation for U.S. consumers over the next year was 5.0 percent, down from 6.0 percent in August. Over the long run, the firms' median forecast for the

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10-year average inflation rate was 4.0 percent, up from 3.0 percent in August.

### Future Indicators Improve but Remain Negative

The diffusion index for future general activity was negative for the sixth consecutive month but rose 8 points to -7.1 (see Chart). Nearly 37 percent of the firms expect a decrease in activity over the next six months, exceeding the 30 percent that expect an increase. The future new orders index rose 12 points but remained negative at -4.8, and the future shipments index increased from 4.7 to 10.2. The firms expect increases in employment overall, but the future employment index ticked down to 11.1. Expectations for price increases were less widespread, and both future price indexes were below their long-run averages. The future capital expenditures index edged up 2 points to 6.4.

### Summary

Responses to the November *Manufacturing Business Outlook Survey* suggest continued overall declines in the region's manufacturing sector this month. The indicators for current activity and new orders remained negative, and the shipments index remained positive but low. The firms continued to indicate overall increases in prices paid and received. The survey's future indexes improved but continued to suggest that firms expect overall declines over the next six months. ■

Special Questions (November 2022)		
Please list the annual percent change with respect to the following:		
	Current	Previous (Aug. 2022)
<b>For your firm:</b>		
<i>Forecast for next year (2022Q4–2023Q4)</i>		
1. Prices your firm will receive (for its own goods and services sold).	4.8	5.0
2. Compensation your firm will pay per employee (for wages and benefits).	5.0	5.0
<i>Last year's price change (2021Q4–2022Q4)</i>		
3. Prices your firm did receive (for its own goods and services sold) over the last year.	7.5	10.0
<b>For U.S. consumers:</b>		
4. Prices U.S. consumers will pay for goods and services over the next year.	5.0	6.0
5. Prices U.S. consumers will pay for goods and services over the next 10 years (2022–2031).	4.0	3.0
The numbers represent medians of the individual forecasts (percent changes). For question 5, firms reported a 10-year annual-average change.		

MANUFACTURING BUSINESS OUTLOOK SURVEY November 2022	November vs. October					Six Months from Now vs. November				
	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?	-8.7	16.5	46.7	35.9	-19.4	-14.9	29.9	27.0	37.0	-7.1
Company Business Indicators										
New Orders	-15.9	19.7	44.3	35.9	-16.2	-16.7	29.4	30.9	34.2	-4.8
Shipments	8.6	32.7	41.7	25.6	7.0	4.7	36.3	34.6	26.1	10.2
Unfilled Orders	-22.5	15.4	46.4	38.3	-22.9	-23.5	24.2	35.6	36.0	-11.8
Delivery Times	-12.6	10.1	71.1	18.8	-8.8	-6.3	15.2	53.4	28.1	-13.0
Inventories	-1.7	14.8	62.6	21.3	-6.5	-8.8	17.9	47.2	27.0	-9.1
Prices Paid	36.3	46.9	41.2	11.6	35.3	25.8	39.4	35.9	21.0	18.5
Prices Received	30.8	37.7	59.2	3.1	34.6	23.4	39.0	37.0	23.3	15.7
Number of Employees	28.5	18.7	68.9	11.6	7.1	12.2	27.4	52.9	16.3	11.1
Average Employee Workweek	10.4	15.9	69.5	14.5	1.4	-3.0	7.2	69.7	19.4	-12.1
Capital Expenditures	--	--	--	--	--	4.4	19.5	67.4	13.1	6.4
<b>NOTES:</b>										
(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 November 14, 2022.										