

April 2023

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

Manufacturing activity in the region continued to decline overall in April, according to the firms responding to this month's *Manufacturing Business Outlook Survey*. The survey's broad indicators for activity remained negative, although the indexes for new orders and shipments rose. The employment index suggests steady employment overall. Both price indexes continued to decline. The future indicators suggest that firms' expectations for growth over the next six months remain subdued.

### Current Indicators Remain Negative

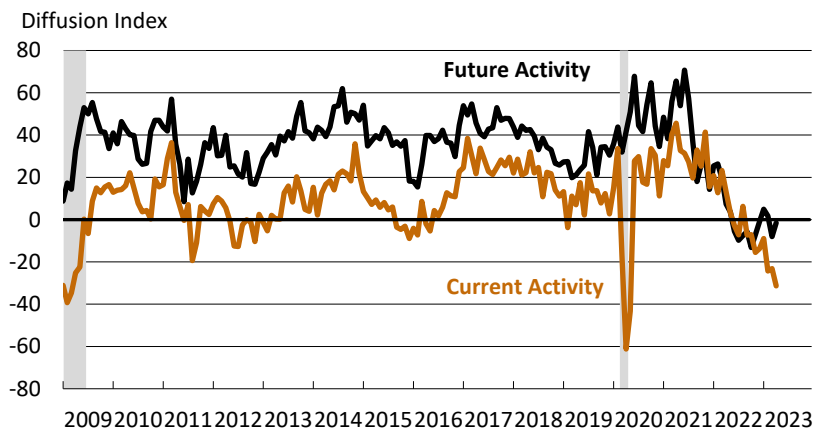
The diffusion index for current general activity decreased 8 points to -31.3 in April, its eighth consecutive negative reading and lowest reading since May 2020 (see Chart 1). Although most firms reported no change in activity (59 percent), the share of firms reporting decreases (35 percent) exceeded the share of firms reporting increases (3 percent). The indexes for new orders and shipments both remained negative but increased this month: The new orders index rose 6 points to -22.7, and the shipments index climbed 18 points to -7.3. Almost 28 percent of the firms reported decreases in shipments (down from 31 percent last month) compared with 20 percent that reported increases (up from 6 percent last month).

On balance, the firms reported mostly steady levels of employment. The employment index rose 10 points to a near-zero reading. Similar shares of the firms reported increases and decreases in employment (16 percent); most firms (67 percent) reported no change. The average workweek index rose from -22.0 to -8.4.

### Price Increases Are Less Widespread

The indicators for prices paid and prices received declined to their lowest readings since mid-2020. The prices paid index declined for the second consecutive month, falling 15 points to 8.2 (see Chart 2). Almost 19 percent of the firms reported increases in input prices, while 10 percent reported

**Chart 1. Current and Future General Activity Indexes**  
January 2009 to April 2023



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.

decreases; 70 percent of the firms reported no change. The current prices received index fell 11 points to -3.3, its third consecutive decline and first negative reading since May 2020. Over 7 percent of the firms reported increases in prices received for their own goods this month, 10 percent reported decreases, and 83 percent reported no change.

### Firms Expect Smaller Increases for Wages

In this month's special questions, the firms were asked about changes in wages and compensation over the past three months, as well as their updated expectations for changes in various input and labor costs for the current year (see Special Questions on page 3). More than 55 percent of the firms indicated wages and compensation costs had increased over the past three months, 45 percent reported no change, and none reported decreases. Most firms (58 percent) have reported not needing to adjust their 2023 budgets for wages and compensation since the beginning of the year; however, almost 33 percent noted they are planning to increase wages and compensation by more than

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originally planned, and 10 percent noted they are planning to increase wages and compensation sooner than originally planned.

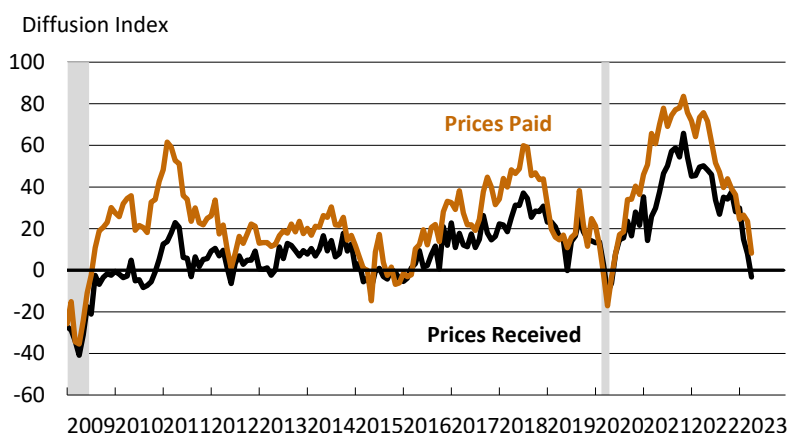
The firms still expect cost increases across all categories of expenses in 2023, and the median expected increases were in line with or slightly lower than expectations for most categories when this question was last asked in January. Responses indicate a median expected increase of 3 to 4 percent for wages, down slightly from 4 to 5 percent from January, and of 4 to 5 percent for total compensation (wages plus benefits), unchanged from January.

### Future Indicators Remain Weak

The diffusion index for future general activity rose 7 points but remained negative at -1.5 (see Chart 1). More than 32 percent of the firms expect decreases in future activity (up from 29 percent last month), compared with 31 percent that expect increases (up from 21 percent); 34 percent of the firms expect no change in future activity. The future new orders index rose 5 points to 9.8, and the future shipments index rose 6 points to 13.3. The future employment index ticked down 3 points to 3.8. Nearly 72 percent of the firms expect steady employment levels over the next six months, 14 percent of the firms expect higher employment, and 11 percent expect lower employment. The future capital expenditures indicator edged down from -3.8 to -5.4, its lowest reading since March 2009.

**Chart 2. Current Prices Paid and Prices Received Indexes**

January 2009 to April 2023



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 April *Manufacturing Business Outlook Survey* suggest continued declines in regional manufacturing activity this month. The indicators for current activity, new orders, and shipments remained negative. The firms indicated overall steady employment and less widespread price increases. The survey's broad indicators for future activity suggest that respondents' expectations for growth over the next six months remain subdued. ■

MANUFACTURING BUSINESS OUTLOOK SURVEY April 2023	April vs. March					Six Months from Now vs. April				
	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?	-23.2	3.3	58.7	34.6	-31.3	-8.0	30.9	33.8	32.4	-1.5
Company Business Indicators										
New Orders	-28.2	15.2	46.0	37.9	-22.7	4.6	36.2	36.3	26.3	9.8
Shipments	-25.4	20.4	51.5	27.7	-7.3	7.8	36.2	37.9	22.9	13.3
Unfilled Orders	-21.3	13.3	62.1	24.3	-11.1	-13.1	12.0	59.9	28.2	-16.2
Delivery Times	-24.3	0.0	75.0	25.0	-25.0	-24.0	7.3	53.6	35.4	-28.1
Inventories	-11.2	2.9	73.4	20.8	-17.9	-12.9	24.9	40.5	30.6	-5.7
Prices Paid	23.5	18.5	70.1	10.3	8.2	26.8	35.8	48.3	15.8	20.0
Prices Received	7.9	7.1	82.6	10.4	-3.3	7.9	34.5	42.1	23.4	11.2
Number of Employees	-10.3	16.0	66.8	16.2	-0.2	6.9	14.3	71.8	10.5	3.8
Average Employee Workweek	-22.0	4.9	81.3	13.3	-8.4	7.8	16.9	66.2	17.0	-0.1
Capital Expenditures	--	--	--	--	--	-3.8	15.4	61.8	20.7	-5.4

**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 April 17, 2023.

<b>Special Questions (April 2023)</b>	
<b>1. How have wages and compensation changed at your firm over the past three months?</b>	
	Percent (%)
Increased	55.3
No change	44.7
Decreased	0.0
<b>2. Since the beginning of the year, have you adjusted your budget for wages and compensation for 2023?*</b>	
	Percent (%)
Yes, and we are planning to increase wages and compensation by more than originally planned.	32.5
Yes, and we are planning to increase wages and compensation sooner than originally planned.	10.0
No, we have not needed to make adjustments.	57.5
Other	2.5
*Percentages do not sum to 100 because more than one option could be selected.	

<b>3. What percentage change in costs do you now expect for the following categories over all of 2023?***</b>							
	Energy	Other Raw Materials	Intermediate Goods	Wages	Health Benefits	Nonhealth Benefits	Wages + Health Benefits + Nonhealth Benefits
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Decline of more than 1%	2.6	18.4	0.0	5.3	2.6	0.0	2.9
No change	21.1	21.1	25.0	13.2	18.4	36.1	8.8
Increase of 1–2%	5.3	5.3	9.4	0.0	2.6	11.1	11.8
Increase of 2–3%	10.5	10.5	12.5	15.8	10.5	2.8	5.9
Increase of 3–4%	13.2	10.5	12.5	15.8	18.4	25.0	11.8
Increase of 4–5%	15.8	10.5	9.4	34.2	10.5	13.9	20.6
Increase of 5–7.5%	15.8	5.3	18.8	13.2	7.9	5.6	20.6
Increase of 7.5–10%	10.5	5.3	3.1	2.6	13.2	2.8	8.8
Increase of 10–12.5%	0.0	7.9	0.0	0.0	13.2	2.8	5.9
Increase of more than 12.5%	5.3	5.3	9.4	0.0	2.6	0.0	2.9
<b>Median Expected Change</b>	<b>3–4%</b>	<b>2–3%</b>	<b>3–4%</b>	<b>3–4%</b>	<b>3–4%</b>	<b>2–3%</b>	<b>4–5%</b>
Median Expected Change (January 2023)	2–3%	3–4%	3–4%	4–5%	4–5%	3–4%	4–5%
***The firms responded to more detailed changes than shown in the provided ranges.							