

October 2023

Note: Survey responses were collected from October 9 to October 17.

Manufacturing activity in the region was mixed this month, according to the firms responding to the October *Manufacturing Business Outlook Survey*. The survey's indicator for general activity remained negative, while the indicators for new orders and shipments were positive but low. The employment index turned positive, and both price indexes indicate overall increases in prices. The firms continue to expect growth overall over the next six months, but most future indicators declined.

Current Indicators Are Mixed

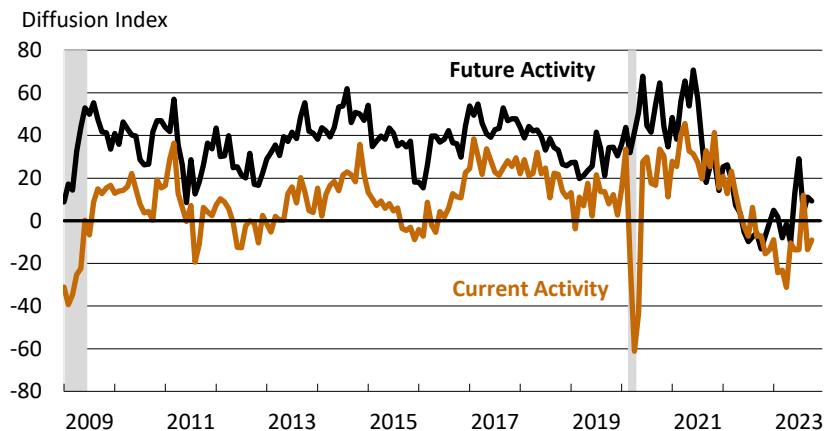
The diffusion index for current general activity increased 5 points but remained negative at -9.0 this month (see Chart 1). This is the index's 15th negative reading in the past 17 months. Almost 35 percent of the firms reported decreases in general activity this month, while 26 percent reported increases; 38 percent reported no change. The index for new orders rose 15 points to 4.4, and the current shipments index rose from -3.2 to 10.8.

On balance, the firms reported increases in employment. The employment index rose from -5.7 last month to 4.0 this month, its first positive reading since February. More than 17 percent of the firms reported increases in employment, slightly exceeding the 13 percent that reported decreases; most firms (70 percent) reported steady employment levels. The average workweek index turned negative, falling 9 points to -4.3.

Firms Continue to Report Price Increases Overall

The indicators for prices paid and prices received were little changed from last month and remained near long-run averages. The prices paid index edged down from 25.7 to 23.1 (see Chart 2). The percentage of firms reporting increases in input prices (29 percent) exceeded the percentage reporting decreases (6 percent); 65 percent of the firms reported no change. The current prices received index was mostly unchanged at 14.6. More than 21 percent

Chart 1. Current and Future General Activity Indexes
January 2009 to October 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.

of the firms reported increases in prices received for their own goods this month, 7 percent reported decreases, and 70 percent reported no change.

Firms Anticipate Lower 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 on page 3). A slightly larger share of firms expects to decrease total capital spending rather than increase total spending (30 percent versus 24 percent); 46 percent expect total spending to stay the same. When this question was asked last year, 37 percent of the firms expected to increase total spending, compared with 24 percent that expected to decrease spending. On balance, the firms expect lower capital expenditures next year for energy-saving investments, structure, and other, and they expect higher capital expenditures for software and computer and related hardware.

Released: October 19, 2023, 8:30 a.m. ET.
The November 2023 *Manufacturing Business Outlook Survey* will be released on November 16, 2023, at 8:30 a.m. ET.



Future Indicators Decline

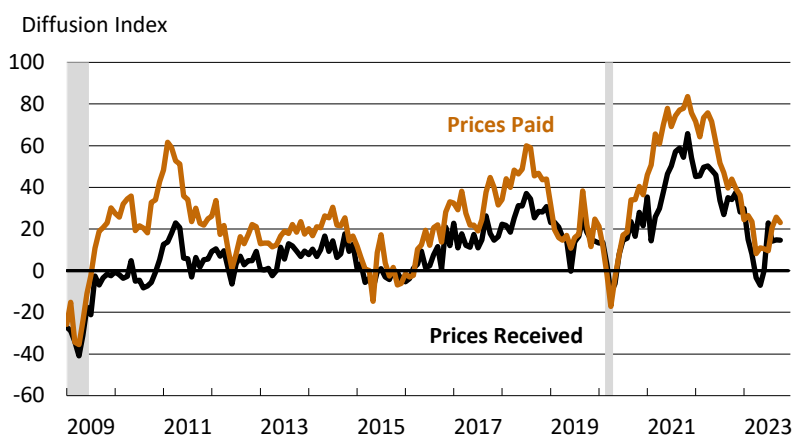
The diffusion index for future general activity edged down from 11.1 to 9.2 (see Chart 1). The share of firms expecting increases in activity over the next six months (36 percent) exceeded the share expecting decreases (27 percent); more than 31 percent expect no change. The future new orders index decreased 7 points to 18.9, while the future shipments index dropped 25 points to 5.4, its lowest reading since May. The firms continued to expect overall increases in employment over the next six months, and the future employment index ticked up 1 point to 7.8. The future capital expenditures index fell from 7.5 to -4.8, offsetting its increase from last month.

Summary

Responses to the October *Manufacturing Business Outlook Survey* suggest mixed regional manufacturing conditions this month. The indicator for current activity remained negative, while the new orders and shipments indexes were positive. The firms indicated mostly steady employment, and the current price indexes continue to suggest increases in prices on balance. The survey's broad indicators for future activity declined but continued to suggest respondents expect growth over the next six months. ■

Chart 2. Current Prices Paid and Prices Received Indexes

January 2009 to October 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.

MANUFACTURING BUSINESS OUTLOOK SURVEY October 2023	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?	-13.5	25.5	38.0	34.5	-9.0	11.1	36.4	31.1	27.2	9.2
Company Business Indicators										
New Orders	-10.2	34.4	35.5	30.0	4.4	25.6	40.9	33.2	22.1	18.9
Shipments	-3.2	30.4	50.1	19.5	10.8	30.5	35.7	32.0	30.3	5.4
Unfilled Orders	-13.6	17.7	47.8	34.5	-16.8	-5.6	19.2	54.0	26.8	-7.6
Delivery Times	-14.9	9.3	60.0	30.7	-21.4	-9.5	10.9	58.2	28.0	-17.1
Inventories	8.9	11.2	67.4	18.3	-7.0	-3.4	20.9	59.2	16.0	4.9
Prices Paid	25.7	29.1	64.9	6.0	23.1	48.0	48.5	51.5	0.0	48.5
Prices Received	14.8	21.2	70.1	6.6	14.6	36.5	51.3	43.6	4.4	46.9
Number of Employees	-5.7	17.1	69.8	13.1	4.0	6.5	22.1	61.5	14.3	7.8
Average Employee Workweek	4.7	14.4	66.2	18.7	-4.3	-1.3	12.5	72.3	14.0	-1.4
Capital Expenditures	--	--	--	--	--	7.5	13.1	69.0	17.9	-4.8

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, 2023.

Special Question (October 2023)

Comparing 2024 with 2023, 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	35.1	45.9	18.9	16.2
Noncomputer equipment	24.3	51.4	24.3	0.0
Energy-saving investments	13.9	67.6	16.7	-2.8
Computer and related hardware	18.9	64.9	16.2	2.7
Structure	16.2	51.4	32.4	-16.2
Other	4.2	75.0	20.8	-16.7
Total capital spending	24.3	45.9	29.7	-5.4