

November 2023

Note: Survey responses were collected from November 6 to November 13.

Manufacturing activity in the region continued to decline overall, according to the firms responding to the November *Manufacturing Business Outlook Survey*. The survey's indicator for general activity rose but remained negative. The indicator for shipments turned negative, while the indicator for new orders was positive but low. The employment index suggests steady employment overall, and both price indexes indicate overall increases in prices. The future indicators suggest that firms' expectations for growth over the next six months remain subdued.

### Current Indicators Remain Weak

The diffusion index for current general activity increased 3 points but remained negative at -5.9 this month (see Chart). This is the index's 16th negative reading in the past 18 months. Almost 18 percent of the firms reported decreases in general activity this month (down from 35 percent last month), while 12 percent reported increases (down from 26 percent); 70 percent reported no change (up from 38 percent last month). The index for new orders declined 3 points to 1.3, while the current shipments index more than offset its increase last month, dropping sharply from 10.8 to -17.9.

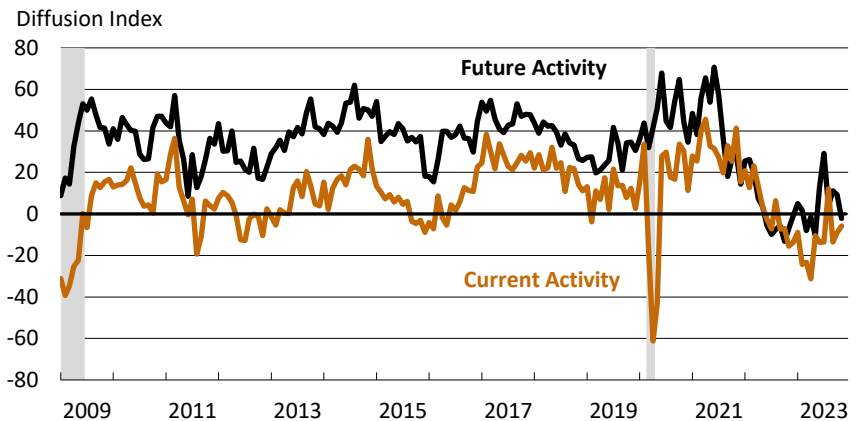
On balance, the firms reported mostly steady levels of employment. The employment index declined 3 points to 0.8 in November. Similar shares of the firms reported increases (16 percent) and decreases (15 percent) in employment; most firms (68 percent) reported steady employment levels. The average workweek index remained negative, falling 7 points to -11.4.

### Firms Continue to Report Price Increases Overall

The prices paid diffusion index declined from 23.1 in October to 14.8 in November. Almost 21 percent of the firms reported increases in input prices, exceeding the 6 percent reporting decreases; 72 percent of the firms reported no change in prices

**Chart. Current and Future General Activity Indexes**

January 2009 to November 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.

paid. The current prices received index was little changed at 14.8. Twenty-one percent of the firms reported increases in prices received for their own goods this month, 6 percent reported decreases, and 72 percent reported no change.

### Firms Expect Lower Increases in Own Prices

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 3.0 percent, down from 4.0 percent when this question was last asked in August. The firms reported a median increase of 5.0 percent in their own prices over the past year, unchanged from last quarter. The firms' median forecast for the rate of inflation for U.S. consumers over the next year was 4.0 percent, unchanged from August. Over the long run, the firms' median forecast for the 10-year average inflation rate was 3.0 percent, down from 3.5 percent.

Released: November 16, 2023, 8:30 a.m. ET.

The December 2023 *Manufacturing Business Outlook Survey* will be released on December 21, 2023, at 8:30 a.m. ET.



## Future Indicators Soften

The diffusion index for future general activity fell from 9.2 in October to -2.1 in November, its first negative reading since May (see Chart). The share of firms expecting decreases in activity over the next six months (30 percent) narrowly exceeded the share expecting increases (28 percent); 38 percent expect no change. The future new orders index decreased 8 points to 11.3, while the future shipments index increased 11 points to 16.3. The firms continued to expect overall increases in employment over the next six months, but the future employment index declined 4 points to 4.3. The future capital expenditures index rose but remained negative at -1.3.

## Summary

Responses to the November *Manufacturing Business Outlook Survey* suggest a decline in overall regional manufacturing activity this month. The indicator for current activity rose but remained negative, while the shipments index turned negative, and the new orders index remained positive but low. On balance, the firms indicated mostly steady employment, and the current price indexes continue to suggest increases in prices. The survey's broad indicators for future activity suggest respondents' expectations for growth over the next six months were subdued. ■

Special Questions (November 2023)		
Please list the annual percent change with respect to the following:		
	Current	Previous (Aug. 2023)
<b>For your firm:</b>		
<i>Forecast for next year (2023Q4–2024Q4)</i>		
1. Prices your firm will receive (for its own goods and services sold).	3.0	4.0
2. Compensation your firm will pay per employee (for wages and benefits).	4.0	4.0
<i>Last year's price change (2022Q4–2023Q4)</i>		
3. Prices your firm did receive (for its own goods and services sold) over the last year.	5.0	5.0
<b>For U.S. consumers:</b>		
4. Prices U.S. consumers will pay for goods and services over the next year.	4.0	4.0
5. Prices U.S. consumers will pay for goods and services over the next 10 years (2023–2032).	3.0	3.5
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 2023	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?	-9.0	11.9	70.3	17.8	-5.9	9.2	27.5	37.5	29.6	-2.1
Company Business Indicators										
New Orders	4.4	20.4	59.6	19.1	1.3	18.9	37.1	30.8	25.8	11.3
Shipments	10.8	7.8	63.4	25.7	-17.9	5.4	40.9	29.6	24.6	16.3
Unfilled Orders	-16.8	13.7	62.9	23.5	-9.8	-7.6	16.5	54.1	24.3	-7.8
Delivery Times	-21.4	15.2	59.8	24.0	-8.7	-17.1	2.2	68.0	24.7	-22.4
Inventories	-7.0	13.1	67.7	16.3	-3.1	4.9	13.7	66.2	13.6	0.1
Prices Paid	23.1	20.5	72.2	5.7	14.8	48.5	44.4	45.8	6.5	37.9
Prices Received	14.6	21.0	71.6	6.2	14.8	46.9	46.3	41.6	11.8	34.5
Number of Employees	4.0	16.3	67.5	15.4	0.8	7.8	19.3	61.4	15.0	4.3
Average Employee Workweek	-4.3	8.9	70.3	20.3	-11.4	-1.4	11.4	72.2	11.6	-0.1
Capital Expenditures	--	--	--	--	--	-4.8	20.2	58.4	21.4	-1.3
<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 13, 2023.										