



percentage of manufacturers (12 percent) report declines in manufacturing prices this month and continue to outnumber those reporting increases (8 percent).

The survey's indicators for future manufacturing prices declined this month, suggesting that price expectations have moderated. The current readings of both the future prices paid and prices received diffusion indexes are now near their lowest levels in three years (see Chart). Although the percentage of firms expecting price increases for their own manufactured goods (20 percent) outnumbers the percentage expecting price reductions (12 percent), the diffusion index, at 8.1, is at its lowest level in over three and one-half years.

#### OUTLOOK

Most of the survey's future economic indicators declined modestly this month. Looking ahead six months,

a majority of respondents (55 percent) forecast an increase in general activity for their businesses. The future general activity index, which registered 46.8 in October, declined to 40.3 this month. Although the index has been trending up over the past few months, it remains below levels recorded over most of the previous year. More than one-half of the manufacturers expect increases in new orders and shipments over the next six months (60 percent and 55 percent, respectively). On balance, the firms polled expect an increase in unfilled orders but a shortening in average delivery time.

With respect to their hiring plans, 24 percent of the polled firms expect to add workers in the next six months, but 17 percent expect to make cuts. The index for future employment, which had been trending up in the past few months, dropped from 15.0 in October to 6.7 this month. The future employment index, however, remains above

the levels recorded over the previous six months. With regard to their plans for capital expenditures, firms appear more optimistic. About 43 percent of the firms report plans to increase capital spending in the next six months, with only 3 percent expecting a decline.

#### SUMMARY

The recent growth in manufacturing appears to be continuing, according to the November Business Outlook Survey. Nearly one-third of the firms polled report increases in new orders this month and three-fifths of the firms expect increases over the next six months. Polled firms report steady employment levels this month and continued steady prices. Although most future indicators show a modest decline this month, manufacturers have a generally positive outlook for the next six months.

### BUSINESS OUTLOOK SURVEY Summary of Returns November 1993

Indicator	November vs. October				Six Months from Now vs. November			
	Decrease	No Change	Increase	Diffusion Index	Decrease	No Change	Increase	Diffusion Index
<b>General Business Conditions</b>								
What is your evaluation of the level of general business activity?	8.2	60.1	30.6	22.4	14.3	29.0	54.6	40.3
<b>Company Business Indicators</b>								
New Orders	7.2	60.0	31.9	24.8	11.2	28.3	60.2	49.0
Shipments	15.1	62.2	22.7	7.7	10.5	34.7	54.8	44.3
Unfilled Orders	8.2	75.0	11.7	3.5	14.7	62.9	20.3	5.6
Delivery Time	11.8	76.5	10.3	-1.5	18.8	72.5	6.9	-11.8
Inventories	18.3	54.1	27.4	9.1	26.5	56.5	15.4	-11.1
Prices Paid	9.8	74.9	15.3	5.4	6.2	64.6	27.6	21.4
Prices Received	12.3	78.2	8.2	-4.1	11.5	68.9	19.6	8.1
Number of Employees	11.8	79.2	8.7	-3.1	17.3	57.5	24.0	6.7
Average Employee Workweek	11.6	79.2	5.9	-5.7	11.5	59.9	28.6	17.1
Capital Expenditures	—	—	—	—	3.0	46.7	43.4	40.4

Notes: (1) Items may not add up to 100 percent because of omission by respondents.

(2) All data seasonally adjusted.

(3) Diffusion indexes represent the percentage of respondents indicating an increase minus the percentage indicating a decrease.