



# BUSINESS OUTLOOK SURVEY

## April 2010

The expansion of the region's manufacturing sector is continuing, according to firms polled for this month's *Business Outlook Survey*. The broadest survey measures remained positive this month, with measures of general activity and new orders showing a slight improvement from March. More firms reported higher input prices this month, but prices for manufactured goods remained nearly steady. The survey's broad indicators of future activity continued to suggest that the region's manufacturing executives expect business activity to increase over the next six months.

### Indicators Suggest Continued Growth

The survey's broadest measure of manufacturing conditions, the index of current activity, increased from a reading of 18.9 in March to 20.2 this month. The index has now increased for three consecutive months and remained positive for eight consecutive months (see Chart). Although still positive and suggesting growth, indexes for new orders and shipments showed a mixed pattern this month. The new orders index increased 5 points, while the shipments index fell 8 points. The current inventory index increased 13 points and has now recorded positive readings in two of the last three months.

Firms' responses continue to suggest that labor market conditions are improving. For the fifth consecutive month, the percentage of firms reporting an increase in employment (24 percent) was higher than the percentage reporting declines (17 percent). The workweek index was essentially unchanged and has now remained positive for six consecutive months.

### Prices for Manufactured Goods Are Steady, Although Input Prices Are Trending Up

More firms have been reporting higher costs for inputs over the past several months. Forty-four percent of firms reported higher prices paid, up from 39 percent last month. The prices paid index increased 4 points, its second consecutive month of increase. On balance, firms reported near-steady prices for their own manufactured goods: The percentage of firms reporting increases (14 percent) was nearly the same as the percentage reporting decreases (13 percent). The largest percentage, 73 percent, reported no change in the prices of their manufactured goods.

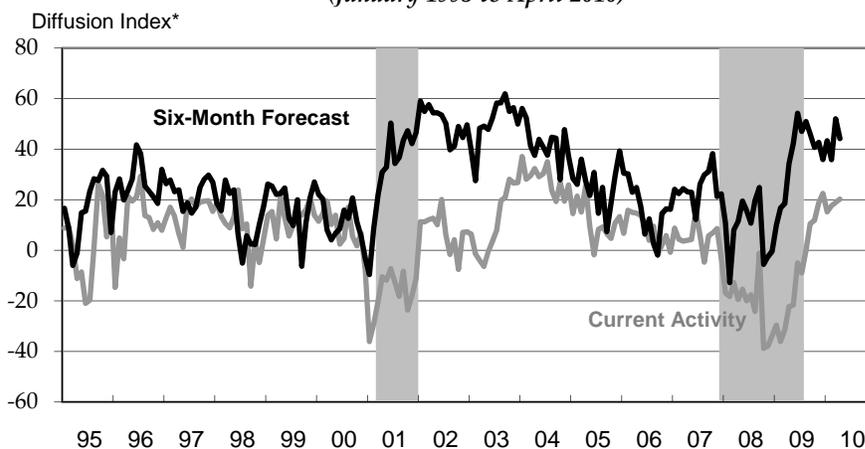
### Manufacturers Remains Optimistic

The future general activity index remained positive for the 16th consecutive month, although it fell from 52.0 in March to 44.2 in April (see Chart). The future new orders and shipments indexes changed only slightly and remain at high levels. For the 12th consecu-

tive month, the percentage of firms expecting employment to increase over the next six months (34 percent) exceeded the percentage expecting declines (12 percent). Firms continue to forecast increases in inventories, unfilled orders, and delivery times. The planned capital spending index was virtually unchanged this month; 27 percent of firms expect an increase in capital spending over the next six months and 17 percent expect a decrease.

In special questions, firms were asked about credit conditions and their impact on operations (see Special Questions). Slightly more firms indicated that credit conditions have eased (16 percent) over the last six months; 13 percent believe conditions have tightened. About 26 percent of the firms indicated that they are having difficulty obtaining financing for long-term uses such as capital spending, only slightly lower than the percentage

Current and Future General Activity Indexes  
(January 1995 to April 2010)



\* Percentage of respondents indicating an increase minus percentage indicating a decrease.

when the question was asked one year ago. Moreover, almost 19 percent of the firms indicated difficulty obtaining credit for financing short-term uses such as paying workers or acquiring inventories, which is also slightly lower than one year ago. Only 10 percent of the responding firms indicated that difficulty obtaining credit had reduced production or sales, which was lower than the 16 percent who indicated so one year ago.

### Summary

According to respondents to the April *Business Outlook Survey*, regional manufacturing activity continues to expand. All of the survey's broad indicators remained positive and firms reported a slight pickup in orders and activity. Firms expect continued growth over the next six months. Over half of the firms expect increases in new orders and shipments over the next six months and over one-third expect an expansion of employment.

Special Questions (April 2010)		
1. How do borrowing conditions compare to those six months ago?		
Eased substantially	0.0	
Eased somewhat	15.7	
No change	51.4	
Tightened somewhat	12.9	
Tightened substantially	0.0	
NR	20.0	
2. To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?		
	<b>April 2010 (%)</b>	<b>April 2009 (%)</b>
No difficulty	57.1	58.4
Some difficulty	15.7	18.1
Substantial difficulty	1.4	6.5
Extreme difficulty	8.6	2.6
NR	17.2	14.4
3. To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?		
No difficulty	65.7	66.2
Some difficulty	11.5	11.7
Substantial difficulty	1.4	7.8
Extreme difficulty	5.7	2.6
NR	15.7	11.7
4. Have problems obtaining credit for either long-term uses or short-term uses reduced your firm's production and/or sales?		
Yes	10.0	15.6
No	74.3	61.0
NR	15.7	23.4

<b>BUSINESS OUTLOOK SURVEY April 2010</b>	April vs. March					Six Months from Now vs. April				
	<i>Previous Diffusion Index</i>	Increase	No Change	Decrease	<b>Diffusion Index</b>	<i>Previous Diffusion Index</i>	Increase	No Change	Decrease	<b>Diffusion Index</b>
What is your evaluation of the level of general business activity?	<b>18.9</b>	38.1	43.1	17.9	<b>20.2</b>	<b>52.0</b>	53.5	32.4	9.3	<b>44.2</b>
Company Business Indicators										
New Orders	<b>9.3</b>	35.4	43.0	21.6	<b>13.9</b>	<b>45.2</b>	55.9	30.8	9.4	<b>46.5</b>
Shipments	<b>13.6</b>	28.6	47.0	23.0	<b>5.6</b>	<b>44.3</b>	53.9	31.7	11.2	<b>42.8</b>
Unfilled Orders	<b>-4.9</b>	19.7	59.1	20.7	<b>-0.9</b>	<b>18.6</b>	31.4	56.2	6.9	<b>24.6</b>
Delivery Times	<b>7.9</b>	14.4	76.6	9.0	<b>5.4</b>	<b>0.7</b>	22.8	63.9	11.5	<b>11.3</b>
Inventories	<b>-11.0</b>	19.8	62.1	17.8	<b>2.0</b>	<b>8.1</b>	26.5	52.3	18.0	<b>8.6</b>
Prices Paid	<b>38.6</b>	44.3	54.0	1.6	<b>42.7</b>	<b>54.1</b>	53.6	39.3	3.0	<b>50.6</b>
Prices Received	<b>-0.4</b>	14.1	72.5	13.1	<b>1.0</b>	<b>22.9</b>	37.1	46.0	13.5	<b>23.6</b>
Number of Employees	<b>8.4</b>	24.1	58.7	16.8	<b>7.3</b>	<b>24.4</b>	34.4	48.8	12.3	<b>22.0</b>
Average Employee Workweek	<b>7.6</b>	30.1	48.2	21.8	<b>8.3</b>	<b>28.6</b>	32.2	45.1	16.5	<b>15.6</b>
Capital Expenditures	--	--	--	--	--	<b>9.7</b>	27.3	53.9	17.1	<b>10.2</b>

#### NOTES:

- (1) Items may not add up to 100 percent because of omission by respondents.
- (2) All data are seasonally adjusted.
- (3) Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease.
- (4) Survey results reflect data received through April 13, 2010.