



BUSINESS OUTLOOK SURVEY

April 2012

Manufacturing firms responding to the April *Business Outlook Survey* indicated that regional manufacturing activity expanded modestly this month. The survey's broad indicators for general activity, new orders, and shipments all remained positive but fell slightly from their readings last month. The indicator for current employment, however, showed a notable improvement. Price pressures were only slightly more widespread this month. The survey's broad indicators of future activity remained at relatively high readings, and firms were more optimistic about their plans for hiring over the next six months.

Indicators Suggest Modest Growth

The survey's broadest measure of manufacturing conditions, the diffusion index of current activity, edged down from a reading of 12.5 in March to 8.5 (see Chart 1). Indexes for new orders and shipments remained positive but were slightly weaker than their March readings. The indexes for new orders and shipments, which decreased about 1 point, remain at relatively low readings. The indexes for current unfilled orders increased 14 points and returned to positive territory this month, suggesting a backlog of unfilled orders. Inventories were also reported on the rise this month, with the inventory index increasing 7 points.

Firms' responses suggested a notable pickup in levels of employment this month. The current employment index,

which has been positive for eight consecutive months, increased 11 points, to its highest reading in 11 months (see Chart 2). Twenty-seven percent of the firms reported an increase in employment; 9 percent reported declines. The average workweek was near steady this month, with 75 percent of the firms surveyed reporting no change in average hours.

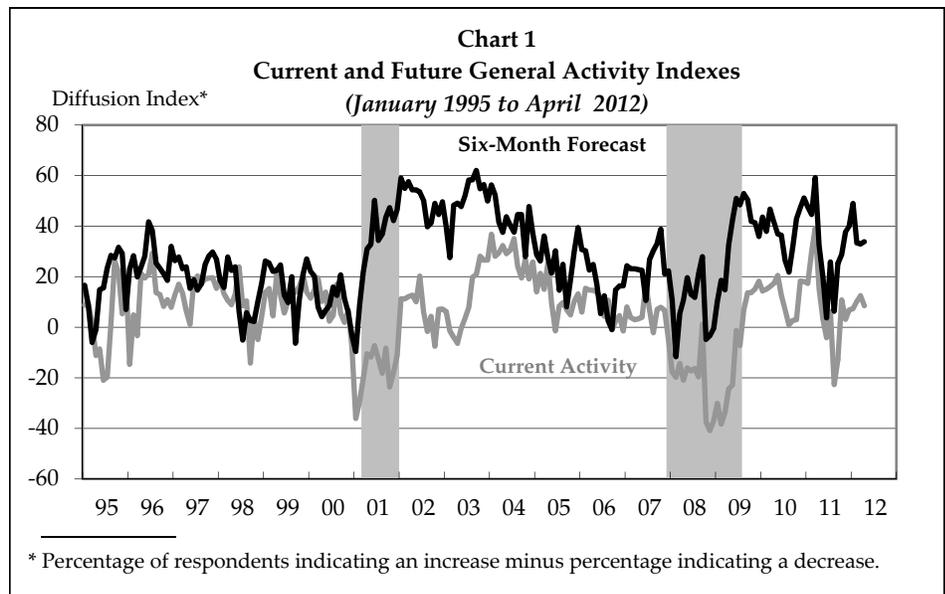
Upward Price Pressures Still Evident

Indexes for prices paid and prices received both increased, suggesting that price pressures are only slightly more widespread compared to March. Twenty-seven percent of the firms reported higher prices for inputs this month, compared with 25 percent last month. The prices paid index edged 4 points higher. Firms also reported a rise in prices for their own manufactured goods: More firms reported

price increases (17 percent) than reported decreases (8 percent). The prices received index, however, increased just 1 point.

Firms' Outlook Still Optimistic

The future general activity index increased modestly, from a relatively high reading of 32.9 in March to 33.8 this month (see Chart 1). The indexes for future new orders and shipments remained within 1 point of their previous month's readings. The future employment index showed notable improvement this month, increasing 6 points and reaching its highest reading in 12 months (see Chart 2). The percentage of firms expecting to increase employment over the next six



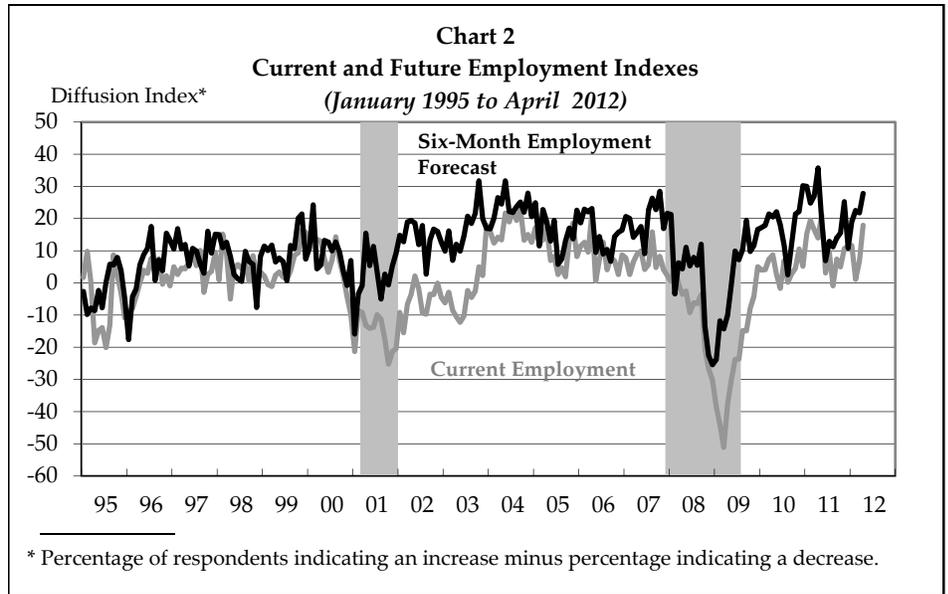
Released: April 19, 2012, 10 a.m. ET.

The May *Business Outlook Survey* will be released on May 17, 2012, at 10 a.m. ET.

months (35 percent) was significantly greater than those expecting to decrease employment (7 percent).

Summary

The April *Business Outlook Survey* suggests that the region's manufacturing sector grew modestly this month. All of the broad indicators remained positive, but a greater share of firms reported adding to their payrolls this month. Higher prices for inputs and firms' own manufactured goods were only slightly more widespread this month. The overall outlook among the reporting firms remains optimistic, with firms' future employment plans showing notable improvement this month.



BUSINESS OUTLOOK SURVEY April 2012	April vs. March					Six Months from Now vs. April				
	<i>Previous Diffusion Index</i>	Increase	No Change	Decrease	Diffusion Index	<i>Previous Diffusion Index</i>	Increase	No Change	Decrease	Diffusion Index
What is your evaluation of the level of general business activity?	12.5	27.4	52.0	18.9	8.5	32.9	47.0	34.9	13.2	33.8
Company Business Indicators										
New Orders	3.3	25.2	52.0	22.5	2.7	36.4	50.9	29.8	15.5	35.4
Shipments	3.5	23.6	54.5	20.8	2.8	31.3	47.5	32.7	16.5	31.0
Unfilled Orders	-11.0	18.5	66.2	15.3	3.2	9.1	22.7	58.1	15.3	7.4
Delivery Times	-7.1	12.8	71.0	16.2	-3.4	0.1	9.0	70.4	19.1	-10.1
Inventories	0.9	25.4	56.9	17.2	8.2	5.8	25.7	53.7	16.1	9.7
Prices Paid	18.7	27.0	68.4	4.6	22.5	39.4	40.4	51.0	5.2	35.2
Prices Received	8.4	16.9	75.6	7.5	9.4	25.6	32.9	48.5	12.5	20.4
Number of Employees	6.8	26.7	62.6	8.8	17.9	21.8	35.1	54.2	7.4	27.8
Average Employee Workweek	2.7	10.7	75.1	13.0	-2.3	11.2	20.4	62.4	12.9	7.5
Capital Expenditures	--	--	--	--	--	14.1	31.4	52.3	9.6	21.7

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 17, 2012.