



# BUSINESS OUTLOOK SURVEY

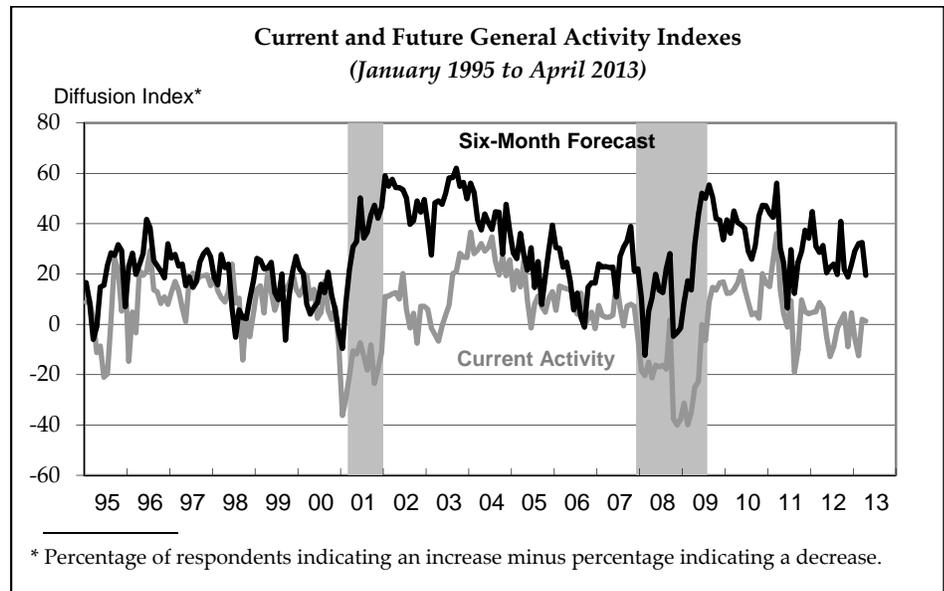
April 2013

Manufacturers responding to the *Business Outlook Survey* reported near steady business activity in April. The indicator for overall activity remained slightly positive this month, but other broad indicators were mixed. Indicators for new orders and employment were weaker this month. The survey's broad indicators of future activity suggest that firms expect continued growth, but optimism waned compared with last month.

## Indicators Suggest Steady Activity

The survey's broadest measure of manufacturing conditions, the diffusion index of current activity, was 1.3, just slightly lower than the reading of 2.0 in March (see Chart). The number of firms reporting increased activity this month (22 percent) edged out those reporting decreased activity (21 percent). The demand for manufactured goods remained weak, with the current new orders index declining from 0.5 to -1.0. The shipments index showed continued improvement, however: The index remained positive and edged six points higher, to 9.1, its highest reading in four months. Nearly 28 percent of the firms reported an increase in shipments; 19 percent reported a decrease. Firms reported a notable decrease in inventories this month: The current inventories index fell from zero to -22.2.

Labor market conditions showed continued signs of weakness, with indexes suggesting lower employment overall. The employment index decreased from 2.7 in March to -6.8 this month, its first negative reading in three months. The percentage of firms



reporting employment decreases (17 percent) exceeded the percentage reporting increases (10 percent). The workweek index remained negative for the fourth consecutive month.

## Indexes Indicate Reduced Price Pressures

The survey's price indexes suggest diminished price pressures this month. With regard to purchased inputs, 14 percent of firms reported paying higher prices for inputs, while 11 percent reported lower input prices. The prices paid index edged 5 points lower and is now at its lowest reading since July 2009. The prices received index fell 7 points, to -7.5. The percentage of firms reporting lower prices for their own manufactured goods (12 percent) exceeded the percentage reporting higher prices (5 percent) for the fourth consecutive month.

## Six-Month Indicators Fall Back

Most of the survey's future indicators

suggest diminished optimism this month. The future general activity index fell notably from 32.5 to 19.5 (see Chart). The percentage of firms expecting increases in activity over the next six months (37 percent) still exceeded the percentage expecting decreases (17 percent) by a significant margin. The indexes for future new orders and shipments also weakened, falling 10 and 5 points, respectively. The future employment index, however, was virtually unchanged this month. Twenty-four percent of firms expect to increase employment over the next six months; 16 percent expect to decrease it.

For this month's special questions, firms were asked about the trend of underlying demand for their products over the last three months (see Special Questions). On balance, firms indicated modest improvement in demand: 55 percent of the firms indicated increases in demand over the past three

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months, while 29 percent indicated decreases. When asked how current demand compares with what was expected three months earlier, nearly 44 percent of the firms indicated that it was greater than expected. When asked about uncertainty and hiring, more firms (65 percent) indicated demand uncertainty as the most important factor adversely influencing hiring, while 18 percent reported regulatory uncertainty.

### Summary

The April *Business Outlook Survey* indicates essentially flat growth in the region's manufacturing sector this month. The indicators for general activity and new orders remained near their levels in March, but shipments showed some improvement. Employment levels edged lower, however. Although firms expect continued growth over the next six months, the survey's measures of overall expectations suggest diminished optimism this month. Firms continue to indicate modest hiring plans.

Special Questions (April 2013)		
<b>1. Over the past three months, how would you characterize the underlying demand for your manufactured products? Exclude any purely seasonal effect.</b>		
Increased significantly	5.0%	55.0%
Increased moderately	50.0%	
No change	15.0%	28.8%
Decreased moderately	25.0%	
Decreased significantly	3.8%	
<b>2. How does the current underlying demand for your products compare to what you expected three months ago?</b>		
Less than expected		25.0%
About what was expected		28.8%
Greater than expected		43.8%
NR		1.3%
<b>3. Is uncertainty about demand or regulatory policies the most important factor adversely influencing your hiring?</b>		
Demand uncertainty is the most important factor		65.0%
Regulatory uncertainty is the most important factor		17.5%
Neither demand nor regulatory uncertainty is the most important factor		12.5%
Items may not add to 100 percent because of omission by respondents.		

<b>BUSINESS OUTLOOK SURVEY April 2013</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>2.0</b>	22.3	51.5	21.0	<b>1.3</b>	<b>32.5</b>	36.8	36.6	17.2	<b>19.5</b>
Company Business Indicators										
New Orders	<b>0.5</b>	23.8	51.3	24.9	<b>-1.0</b>	<b>34.5</b>	45.0	25.9	20.7	<b>24.3</b>
Shipments	<b>3.5</b>	27.9	53.3	18.8	<b>9.1</b>	<b>31.2</b>	45.1	30.1	18.6	<b>26.5</b>
Unfilled Orders	<b>-6.4</b>	13.5	61.1	22.3	<b>-8.7</b>	<b>6.6</b>	14.1	58.7	16.2	<b>-2.1</b>
Delivery Times	<b>-7.5</b>	6.4	73.3	20.3	<b>-13.8</b>	<b>2.2</b>	10.8	68.6	15.2	<b>-4.5</b>
Inventories	<b>0.0</b>	12	50.7	34.1	<b>-22.2</b>	<b>-5.6</b>	13.8	47.4	27.1	<b>-13.3</b>
Prices Paid	<b>8.5</b>	13.6	75.6	10.5	<b>3.1</b>	<b>30.9</b>	35.9	48.8	9.3	<b>26.6</b>
Prices Received	<b>-0.8</b>	4.8	81.5	12.3	<b>-7.5</b>	<b>16.6</b>	17.4	67.2	9.0	<b>8.3</b>
Number of Employees	<b>2.7</b>	10.4	71.5	17.3	<b>-6.8</b>	<b>8.1</b>	24.4	50.8	16.2	<b>8.2</b>
Average Employee Workweek	<b>-12.9</b>	18.2	56.4	20.4	<b>-2.1</b>	<b>3.4</b>	21.3	57.7	14.7	<b>6.6</b>
Capital Expenditures	--	--	--	--	--	<b>6.8</b>	25.3	45.2	17.4	<b>7.8</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 16, 2013.