

September 2017

Manufacturing firms reported an improvement in regional manufacturing conditions in September. The survey's current indicators for general activity, new orders, and shipments increased this month and suggest a broadening of growth. Price pressures also picked up, according to the reporting firms. The survey's future indicators suggest that manufacturers have generally grown more optimistic over the past three months.

### Most Current Indicators Improved This Month

The index for current manufacturing activity in the region increased 5 points to a reading of 23.8 and has remained positive for 14 consecutive months (see Chart 1). Nearly 39 percent of the firms indicated increases in activity this month; 15 percent reported a decrease in activity. The new orders and shipments indexes also registered an improvement, increasing 9 points and 8 points, respectively. Both the unfilled orders and delivery times indexes were positive for the 11th consecutive month, suggesting longer delivery times and an increase in unfilled orders.

Firms reported, on balance, an increase in manufacturing employment this month. The percentage of firms reporting an increase in employment (18 percent) exceeded the percentage reporting a decrease (12 percent). The current employment index fell 4 points but has remained positive for 10 consecutive months.

### Survey Price Measures Rise This Month

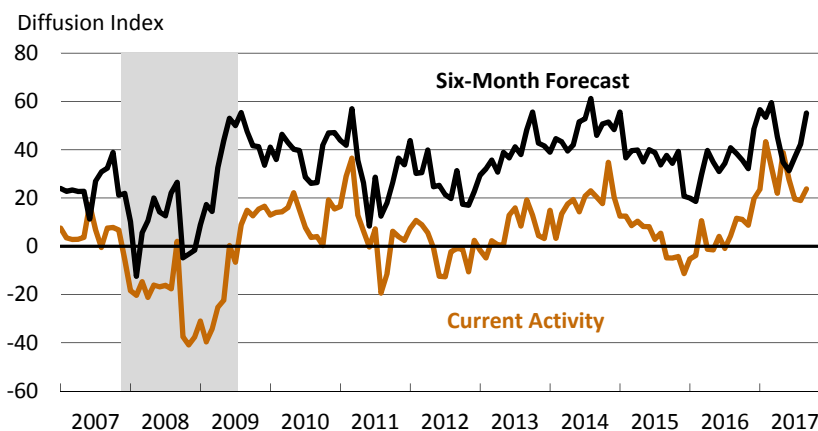
Price increases were more widespread this month. On the cost side, nearly 38 percent of the firms reported increases in the prices paid for inputs this month, up from 24 percent in August. The prices paid index increased 13 points to its highest reading since March (see Chart 2). With respect to prices received for firms' own manufactured goods, nearly 25 percent of the firms reported higher prices, up from 16 percent in August. The prices received index increased 9 points to its highest reading since January.

### Six-Month Indexes Show Continued Improvement

The diffusion index for future general activity increased from 42.3 in August to 55.2 this month. The index has now increased for three consecutive months and is at its highest reading since March (see Chart 1). The indexes for future new orders and shipments also showed improvement, increasing 8 points and 12 points, respectively. Firms remained optimistic about increases in employment over the next six months, although the future employment diffusion index fell 3 points. Thirty-six percent of the

**Chart 1. Current and Future General Activity Indexes**

January 2007 to September 2017



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.

firms expect increases in employment; only 6 percent expect decreases. The future capital spending index remained at a relatively high reading, with nearly 44 percent of the firms expecting capital spending increases over the next six months.

### Most Firms Expect Increased Production for Rest of the Year

In this month's special questions, firms were asked to estimate their total production growth for the third quarter ending this month along with expected growth for the fourth quarter (see page 3). The share of firms reporting increases in third-quarter production (66 percent) was greater than the share reporting decreases (23 percent). Looking ahead to the fourth quarter, 55 percent of the firms expect acceleration in the rate of production, while 24 percent of the firms expect deceleration. For those firms expecting an increase in production, 31 percent of the firms expect to hire additional workers. The remaining firms indicated that they would increase the work hours of current workers (36 percent) or increase the productivity of current workers (25 percent) rather than increasing the number of workers.

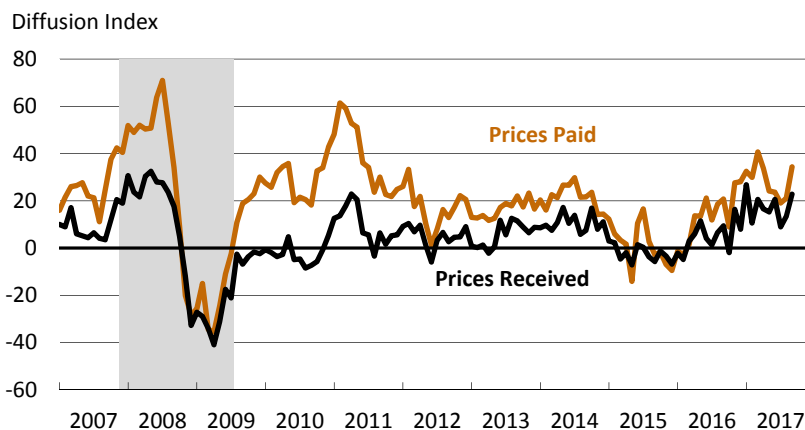
Released: September 21, 2017, 8:30 a.m. ET.  
The October 2017 *Manufacturing Business Outlook Survey* will be released on October 19, 2017, at 8:30 a.m. ET.



## Summary

Responses to the September *Manufacturing Business Outlook Survey* suggest continued growth for the region's manufacturing sector. The indexes for general activity, new orders, and shipments increased this month, and employment remained positive. Firms also reported renewed price pressures this month. Firms forecast an acceleration of production growth for the upcoming fourth quarter, and firms' overall forecast for the next six months showed further improvement. ■

**Chart 2. Current Prices Paid and Prices Received Indexes**  
January 2007 to September 2017



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.

MANUFACTURING BUSINESS OUTLOOK SURVEY September 2017	September vs. August					Six Months from Now vs. September				
	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?	18.9	38.9	43.6	15.1	23.8	42.3	63.5	21.0	8.3	55.2
Company Business Indicators										
New Orders	20.4	44.8	38.3	15.3	29.5	49.1	64.8	18.5	7.8	56.9
Shipments	29.4	52.0	33.2	14.2	37.8	44.1	65.0	16.3	9.2	55.8
Unfilled Orders	14.5	26.3	63.5	9.3	17.0	16.9	25.3	51.2	13.1	12.2
Delivery Times	10.5	23.3	67.1	8.8	14.5	6.8	19.8	58.6	15.1	4.6
Inventories	-6.1	18.8	58.1	20.2	-1.4	26.2	35.1	38.9	16.2	18.9
Prices Paid	21.1	37.6	56.6	3.2	34.4	34.8	53.3	33.3	7.1	46.2
Prices Received	13.5	24.5	72.4	1.6	22.8	40.4	38.9	49.4	7.2	31.7
Number of Employees	10.1	18.4	67.5	11.8	6.6	33.1	35.8	49.6	5.7	30.1
Average Employee Workweek	18.8	22.2	65.8	10.3	11.9	15.3	24.1	61.6	6.1	18.1
Capital Expenditures	--	--	--	--	--	39.2	43.7	45.5	4.7	39.0
<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 percent because of rounding, omission by respondents, or both.										
(4) Survey results reflect data received through September 18, 2017.										



Special Questions (September 2017)				
1. How will your firm's total production for the <b>third quarter</b> compare with that of the second quarter?*				
		Change attributable to (%):		
	% of firms	Seasonal factors	Business conditions	Other
Increase	65.6	21.9	28.1	9.4
No change	10.9			
Decrease	23.4	7.8	7.8	6.3
*Subtotals may not sum to totals because of incomplete answers.				
2. For the upcoming <b>fourth quarter</b> , how much growth do you expect at your plant compared with the third quarter?				
Significant acceleration	11.9	% of firms expecting acceleration: 55.2		
Some acceleration	28.4			
Slight acceleration	14.9			
No change	20.9	% of firms expecting deceleration: 23.9		
Slight deceleration	7.5			
Some deceleration	14.9			
Significant deceleration	1.5			
3. If you expect to increase production in the <b>fourth quarter</b> , how will this be accomplished?				
Hiring additional workers	30.6			
Increasing work hours of current staff, without hiring additional workers	36.1			
Increasing productivity of current staff, without hiring additional workers	25.0			
Other	8.3			

