

April 2019

Regional manufacturing activity continued to grow in April, according to results from this month's *Manufacturing Business Outlook Survey*. Although the survey's indicators for general activity and shipments fell from their readings last month, the indicators for new orders, employment, and the workweek improved. The survey's indexes for future activity and employment continued to moderate, but the surveyed firms remained generally optimistic about growth over the next six months.

Current Indicators Positive but Mixed

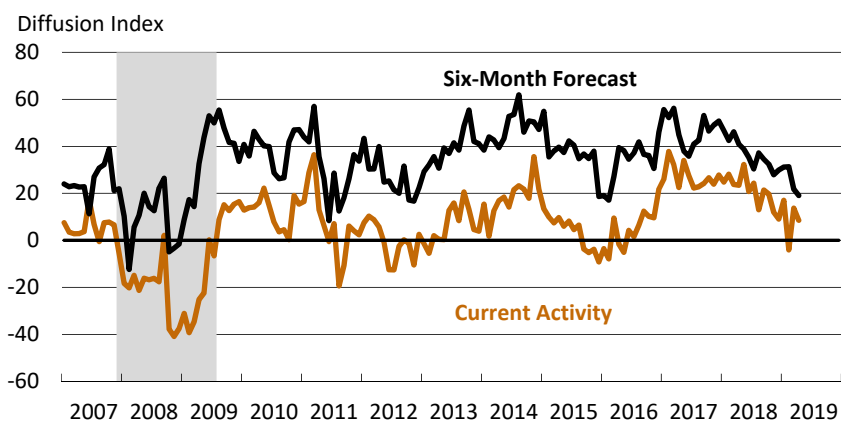
The index for current manufacturing activity in the region decreased from a reading of 13.7 in March to 8.5 this month (see Chart 1). The survey's other broad indicators were positive, but their movements were mixed. The new orders index increased 14 points to 15.7 this month. Over 39 percent of the firms reported an increase in new orders, up from 26 percent last month. The current shipments index decreased 2 points from its reading in March, with 21 percent of the firms reporting decreases compared with 14 percent last month. Delivery times shortened this month, according to the respondents: The delivery times index fell 14 points to its first negative reading in 30 months. The current inventory index also fell, by 15 points to a reading of 2.6.

The firms continued to add to their payrolls this month. The current employment index increased from a reading of 9.6 in March to 14.7 this month. Nearly 27 percent of the responding firms reported increases in employment, while 12 percent of the firms reported decreases. The current workweek index remained positive and edged up 1 point to 11.2.

Prices Received Diffusion Index Continues to Recede

With respect to prices received for firms' own manufactured goods, the prices received index decreased 5 points to 20.0, its lowest reading since December 2017. Nearly 23 percent of the firms reported higher prices, down from 26 percent last month. The prices paid index increased 2 points to 21.6, its first increase in 9 months (see Chart 2). Over 26 percent of the firms

Chart 1. Current and Future General Activity Indexes
January 2007 to April 2019



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.

reported higher input prices this month, while 5 percent reported lower input prices.

Most Firms Are Less Optimistic About Future Activity and Employment

The diffusion index for future general activity declined nearly 3 points to 19.1, its lowest reading since February 2016 (see Chart 1). Over 39 percent of the firms expect increases in activity over the next six months, while 20 percent expect declines. The future new orders and shipments indexes, however, increased slightly, by 4 points and 3 points, respectively. The indicators for future prices paid and prices received fell notably this month, by 21 points and 7 points, respectively. The largest percentage of firms continues to expect

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The May 2019 *Manufacturing Business Outlook Survey* will be released on May 16, 2019, at 8:30 a.m. ET.

The *Manufacturing Business Outlook Survey*, which is the oldest regional Federal Reserve manufacturing survey, turned 50 last May. Read more about the history of the survey at www.PhiladelphiaFed.org/MBOS50.

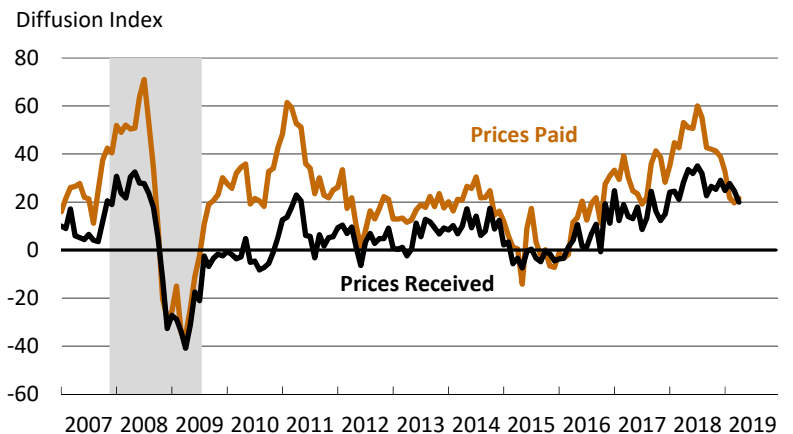


steady prices over the next six months. The firms were less optimistic about future hiring over the next six months: The future employment index fell 10 points to 14.9, its lowest reading since November 2016. The future capital spending index, however, rebounded 11 points to a reading of 30.9.

Summary

The firms' responses indicated continued growth in the region's manufacturing sector this month. The survey's broadest measures of economic growth remain positive, but the directions of movement were mixed. The indexes for new orders and employment improved, while the indexes for activity and shipments decreased somewhat. Price pressures remain generally muted, with the prices received index at its lowest reading in 16 months. The survey's future indexes indicate that respondents continue to expect growth over the next six months, but the readings for future activity and employment continued to trend lower.

Chart 2. Current Prices Paid and Prices Received Indexes
January 2007 to April 2019



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 April 2019	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?	13.7	31.9	43.3	23.4	8.5	21.8	39.1	30.7	20.0	19.1
Company Business Indicators										
New Orders	1.9	39.4	36.8	23.8	15.7	19.8	43.5	31.7	19.6	23.9
Shipments	20.0	39.2	39.7	20.8	18.4	20.5	42.3	32.1	19.2	23.1
Unfilled Orders	3.1	18.5	62.4	18.1	0.4	13.1	19.6	62.9	15.7	3.9
Delivery Times	8.8	8.5	77.3	13.6	-5.1	-7.5	12.3	73.3	10.4	2.0
Inventories	17.2	25.6	47.6	23.0	2.6	-9.8	12.4	58.4	20.0	-7.6
Prices Paid	19.7	26.4	67.1	4.8	21.6	47.3	30.3	57.2	4.4	26.0
Prices Received	24.7	22.9	71.4	2.9	20.0	32.4	28.7	62.9	3.2	25.4
Number of Employees	9.6	26.8	61.0	12.1	14.7	24.9	25.1	60.3	10.2	14.9
Average Employee Workweek	10.6	22.6	65.0	11.4	11.2	9.2	12.4	73.7	8.8	3.6
Capital Expenditures	--	--	--	--	--	19.5	34.1	54.6	3.2	30.9

NOTES:

- (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 April 15, 2019.