

June 2024

Note: Survey responses were collected from June 10 to June 17.

Manufacturing activity in the region was mostly steady overall, according to the firms responding to the June *Manufacturing Business Outlook Survey*. The survey's indicator for general activity edged lower but remained positive, while the indexes for shipments and new orders remained negative. The employment index increased but remained negative, continuing to suggest an overall decline in employment levels. Both price indexes continued to indicate overall price increases. Most future activity indicators remained positive but suggest less widespread expectations for overall growth over the next six months.

### Current Indicators Are Mixed

The diffusion index for current general activity edged down 3 points to 1.3 in June, its lowest reading since January (see Chart 1). Twenty-four percent of the firms reported increases in general activity this month, while 23 percent reported decreases; 50 percent reported no change. The index for new orders recorded a second consecutive negative reading but moved up from -7.9 in May to -2.2 in June. The current shipments index fell 6 points to -7.2, its lowest reading since December.

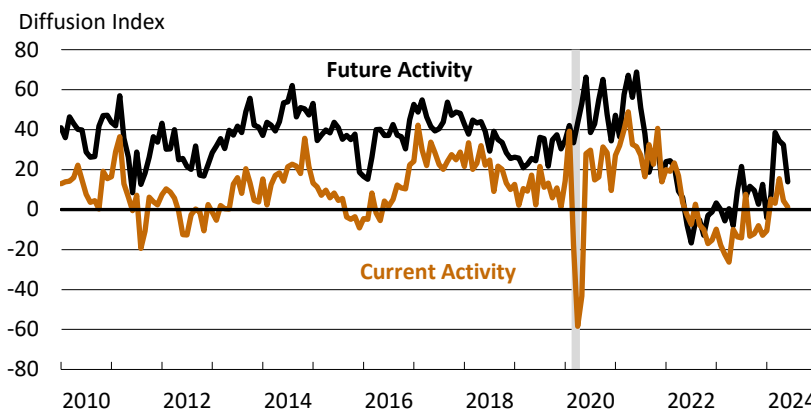
On balance, the firms continued to report a decline in employment. The employment index rose 5 points to -2.5 in June, its eighth consecutive negative reading. Most firms (74 percent) continued to report no change in employment, while the share of firms reporting decreases (14 percent) slightly exceeded the share reporting increases (11 percent). The average workweek index rose from -8.3 to 4.8.

### Firms Report Overall Price Increases

The firms reported increases in prices overall in June. The prices paid index rose 4 points to 22.5 (see Chart 2). Almost 26 percent of the firms reported increases in input prices (up from 19 percent last month), while 3 percent reported decreases (up from 0 percent); 71 percent reported no

Chart 1. Current and Future General Activity Indexes

January 2009 to June 2024



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.

change (down from 78 percent). The current prices received index increased 7 points to 13.7. Nearly 14 percent of the firms reported increases in the prices of their own goods, no firm reported decreases, and 86 percent reported no change.

### Firms Report Higher Production, Little Change in Capacity Utilization

In this month's special questions, the firms were asked to estimate their total production growth for the second quarter ending this month compared with the first quarter of 2024 (see Special Questions on page 3). A higher share of firms reported an increase in production (50 percent) compared with the share reporting a decrease (25 percent). Regarding firms' capacity utilization for the current quarter and one year ago, the median current capacity utilization rate reported among the responding firms was unchanged at 70 to 80 percent.

Most firms reported labor supply as at least a slight constraint to capacity utilization in the current quarter, and the share of firms reporting it as a moderate or significant constraint (27 percent) fell from when this question was

Released: June 20, 2024, 8:30 a.m. ET.

The July 2024 *Manufacturing Business Outlook Survey* will be released on July 18, 2024, at 8:30 a.m. ET.

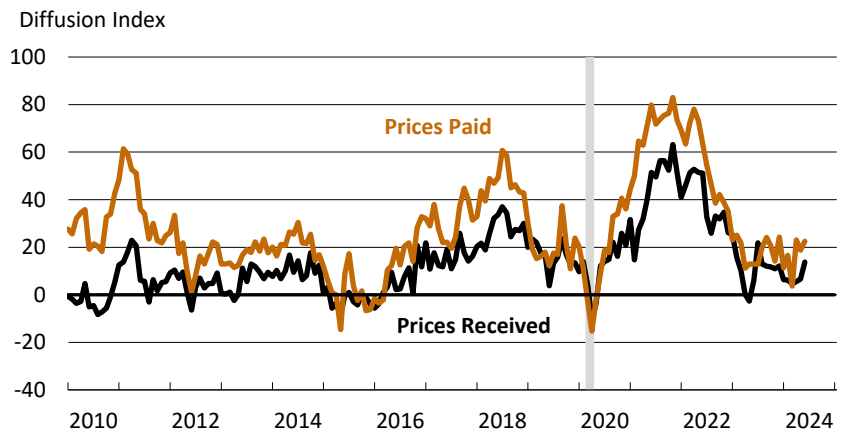


asked in March (38 percent). Over 15 percent of the firms cited that energy markets were a constraint in the current quarter at least slightly, up from 3 percent in the previous quarter. Looking ahead over the next three months, most firms expect the impacts of various factors to stay the same. However, the share of firms expecting labor supply impacts to improve (6 percent) was lower than when this question was asked in March (12 percent).

### Most Future Indicators Remain Positive

The diffusion index for future general activity fell from a reading of 32.4 in May to 13.8 in June, its lowest reading since February (see Chart 1). More than 32 percent of the firms expect an increase in activity over the next six months, exceeding the 19 percent that expect a decrease; 47 percent expect no change. The future new orders index fell 24 points to 16.2, and the future shipments index dropped 46 points to -0.1. The firms continue to expect an overall increase in employment over the next six months, and the future employment index edged down from a reading of 21.7 to 19.0. The future prices paid index rose from 35.4 to 56.3, and the future prices received index increased from 31.4 to 58.8. The index for future capital expenditures decreased 8 points to 12.1, its lowest reading since January.

**Chart 2. Current Prices Paid and Prices Received Indexes**  
January 2009 to June 2024



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.

### Summary

Responses to the June *Manufacturing Business Outlook Survey* suggest mostly steady regional manufacturing activity overall this month. The indicator for current activity ticked down but remained positive. The shipments index fell further into negative territory, and the new orders index remained negative. On balance, the firms continued to indicate a decline in employment, and the current price indexes suggest overall increases in prices. Most of the survey's broad indicators for future activity fell but remained positive, suggesting less widespread expectations for growth over the next six months. ■

MANUFACTURING BUSINESS OUTLOOK SURVEY June 2024	June vs. May					Six Months from Now vs. June				
	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?	4.5	24.0	50.2	22.7	1.3	32.4	32.4	46.8	18.5	13.8
Company Business Indicators										
New Orders	-7.9	22.9	52.1	25.0	-2.2	39.7	35.3	45.7	19.0	16.2
Shipments	-1.2	15.6	60.2	22.8	-7.2	46.2	30.5	38.9	30.6	-0.1
Unfilled Orders	-11.5	21.3	66.3	12.4	8.9	26.7	21.5	69.2	9.3	12.2
Delivery Times	-0.8	6.3	77.9	15.7	-9.4	16.5	11.8	76.9	11.4	0.4
Inventories	-10.1	13.9	64.8	20.3	-6.4	9.4	10.8	54.2	35.0	-24.2
Prices Paid	18.7	25.7	71.1	3.2	22.5	35.4	63.1	30.0	6.9	56.3
Prices Received	6.6	13.7	86.3	0.0	13.7	31.4	61.5	35.9	2.7	58.8
Number of Employees	-7.9	11.4	74.3	13.9	-2.5	21.7	31.0	57.0	12.0	19.0
Average Employee Workweek	-8.3	14.1	76.6	9.3	4.8	16.6	17.7	66.8	15.5	2.2
Capital Expenditures	--	--	--	--	--	20.1	25.1	59.3	13.0	12.1

**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 because of rounding, omission by respondents, or both.
- (4) Survey results reflect data received through June 17, 2024.

Special Questions (June 2024)		
1. How will your firm's total production for the <b>second quarter of 2024</b> compare with that of the <b>first quarter of 2024</b> ?		
<b>An increase of:</b>	% of firms	Subtotals
10% or more	9.4	% of firms reporting an increase: 50.0
5–10%	15.6	
0–5%	25.0	
No change	25.0	
<b>A decline of:</b>		
0–5%	6.3	% of firms reporting a decrease: 25.0
5–10%	6.3	
10% or more	12.5	

2. Which of the following best characterizes your plant's percentage capacity utilization <b>currently</b> (2024:Q2) and <b>one year ago</b> (2023:Q2)?		
Capacity Utilization Rate	2024:Q2 % of reporters	2023:Q2 % of reporters
Less than 30%	0.0	3.2
30–40%	6.7	3.2
40–50%	3.3	0.0
50–60%	13.3	3.2
60–70%	16.7	25.8
70–80%	30.0	25.8
80–90%	16.7	22.6
90–100%	13.3	16.1
Median Utilization Rate	70–80	70–80

3. In the <b>current quarter</b> , to what degree have the following factors acted as constraints on capacity utilization?					4. Over the <b>next three months</b> , how do you expect the impacts of the following factors as constraints on capacity utilization to change?		
	Not at all (%)	Slightly (%)	Moderately (%)	Significantly (%)	Worsen (%)	Stay the same (%)	Improve (%)
COVID-19 mitigation measures	100.0	0.0	0.0	0.0	0.0	97.0	3.0
Energy markets	84.8	9.1	6.1	0.0	6.1	90.9	3.0
Financial capital	87.9	6.1	3.0	3.0	3.0	90.9	6.1
Labor supply	45.5	27.3	15.2	12.1	12.1	81.8	6.1
Supply chains	48.5	36.4	12.1	3.0	6.1	75.8	18.2
Other factors	79.2	0.0	16.7	4.2	4.2	95.8	0.0