

August 2024

Note: Survey responses were collected from August 5 to August 12.

Manufacturing activity in the region softened overall, according to the firms responding to the August *Manufacturing Business Outlook Survey*. The survey's indicators for current general activity, new orders, and shipments all declined, with the former turning negative. The employment index suggests declines in employment overall. Both price indexes indicate overall increases in prices and remain near their long-run averages. The firms continue to expect growth over the next six months, but expectations were less widespread this month.

Most Current Indicators Decline

The diffusion index for current general activity fell from 13.9 to -7.0, its first negative reading since January (see Chart). Nearly 18 percent of the firms reported increases in general activity this month (down from 39 percent last month), while 25 percent reported decreases (unchanged); 53 percent reported no change (up from 29 percent). The indexes for new orders and shipments also declined but remained positive for the second consecutive month: The new orders index decreased 6 points to 14.6, and the shipments index fell 19 points to 8.5.

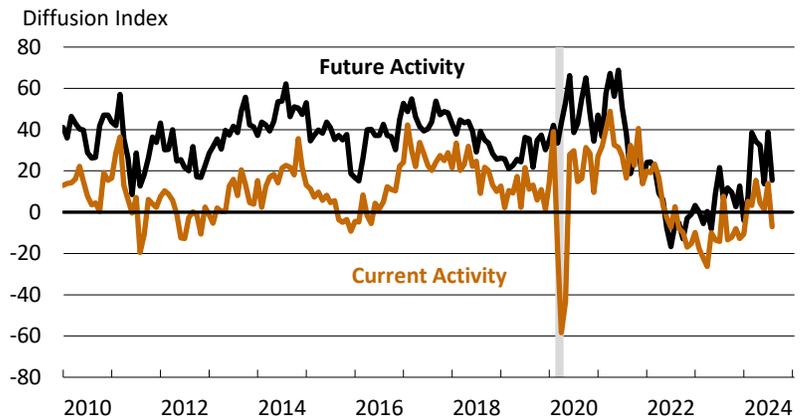
The firms reported a decline in employment, on balance, after reporting an overall increase last month. The employment index returned to negative territory, falling to -5.7. Nearly three-quarters of the firms reported no change in employment levels this month, while the share of firms reporting decreases (16 percent) exceeded the share reporting increases (10 percent). The average workweek index ticked down to -2.3.

Price Indexes Remain Near Long-Run Averages

On balance, the firms continued to report overall increases in prices. The prices paid index moved up 4 points to 24.0. More than 31 percent of the firms reported increases in input prices, while 7 percent reported decreases; 58 percent of the firms

Chart. Current and Future General Activity Indexes

January 2009 to August 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.

reported no change. The current prices received index fell 10 points to 13.7, undoing its increase from last month. Over 18 percent of the firms reported increases in prices received for their own goods, 5 percent reported decreases, and 73 percent reported no change.

Firms Expect Own Price Increases to Lag Inflation Slightly

In this month's special questions, the firms were asked to forecast the changes in prices of their own products and for U.S. consumers over the next four quarters (see Special Questions). Regarding their own prices over the next year, the firms' median forecast was for an expected increase of 2.8 percent, down slightly from 3.0 percent when this question was last asked in May. The firms reported a median increase of 3.0 percent in their own prices over the past year, up slightly from 2.7 percent last quarter. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 3.5 percent over the next four quarters, unchanged from May. The firms' median forecast

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for the rate of inflation for U.S. consumers over the next year was also unchanged, at 3.0 percent.

Most Future Indicators Decline

The diffusion index for future general activity declined from 38.7 to 15.4 in August, mostly offsetting its increase from last month (see Chart). The share of firms expecting increases in activity over the next six months (37 percent) exceeded the share expecting decreases (21 percent); 37 percent expect no change. The future new orders and shipments indexes both fell 21 points, to 10.4 and 9.8, respectively. Expectations for overall increases in employment over the next six months were positive but less widespread, as the future employment index fell from 23.8 to 7.4. The future capital expenditures index moved up 5 points to 12.0.

Summary

Responses to the August *Manufacturing Business Outlook Survey* suggest softer regional manufacturing activity this month. The indicator for current activity fell into negative territory, and the new orders and shipments indexes also declined but remained positive. On balance, the firms indicated a decline in employment, and the price indexes were near their long-run averages. The survey's broad indicators for future activity suggest less widespread expectations for growth over the next six months. ■

Special Questions (August 2024)		
Please list the annual percent change with respect to the following:		
	Current	Previous (May 2024)
For your firm:		
<i>Forecast for next year (2024Q3–2025Q3)</i>		
1. Prices your firm will receive (for its own goods and services sold).	2.8	3.0
2. Compensation your firm will pay per employee (for wages and benefits).	3.5	3.5
<i>Last year's price change (2023Q3–2024Q3)</i>		
3. Prices your firm did receive (for its own goods and services sold) over the last year.	3.0	2.7
For U.S. consumers:		
4. Prices U.S. consumers will pay for goods and services over the next year.	3.0	3.0
5. Prices U.S. consumers will pay for goods and services over the next 10 years (2024–2033).	3.0	3.0
The numbers represent medians of the individual forecasts (percent changes). For question 5, firms reported a 10-year annual-average change.		

MANUFACTURING BUSINESS OUTLOOK SURVEY August 2024	August vs. July					Six Months from Now vs. August				
	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?	13.9	17.9	53.3	24.9	-7.0	38.7	36.8	36.9	21.4	15.4
Company Business Indicators										
New Orders	20.7	33.0	48.6	18.4	14.6	31.3	38.9	31.5	28.6	10.4
Shipments	27.8	21.9	64.7	13.4	8.5	31.0	32.1	45.7	22.2	9.8
Unfilled Orders	9.1	17.7	67.8	14.5	3.2	7.0	11.6	59.2	21.3	-9.7
Delivery Times	8.5	22.9	68.3	8.8	14.1	3.9	6.2	80.9	10.5	-4.4
Inventories	-9.4	15.0	63.0	19.8	-4.8	0.4	14.8	49.1	29.5	-14.7
Prices Paid	19.8	31.3	57.6	7.3	24.0	60.2	43.4	46.2	8.1	35.2
Prices Received	24.2	18.1	73.4	4.5	13.7	43.7	26.1	59.6	13.6	12.5
Number of Employees	15.2	10.2	74.0	15.8	-5.7	23.8	19.1	66.0	11.7	7.4
Average Employee Workweek	-1.6	11.3	75.2	13.5	-2.3	16.6	17.2	70.8	8.8	8.4
Capital Expenditures	--	--	--	--	--	7.4	20.3	70.4	8.3	12.0
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 August 12, 2024.										