



# BUSINESS OUTLOOK SURVEY

April 2011

Results from the *Business Outlook Survey* suggest that regional manufacturing activity continued to grow in April but at a slower pace than in March. Nearly all of the survey's broadest indicators remained positive but fell from their readings in the previous month. Increases in input prices continue to be widespread, and a significant percentage of firms reported increases in prices for their own manufactured goods. The survey's indicators of future activity fell notably this month; however, most firms expect continued growth over the next six months.

## Indicators Suggest Slower Growth

The survey's broadest measure of manufacturing conditions, the diffusion index of current activity, decreased from 43.4 in March to 18.5 this month (see Chart). The demand for manufactured goods, as measured by the current new orders index, showed a similar slowing: The index fell 22 points, following seven consecutive months of increase. The shipments index declined 6 points and remained at a relatively high level. Firms continued to report that unfilled orders and delivery times were still rising.

Firms' responses continue to indicate overall improvement in labor markets. The current employment index fell 6 points but has remained positive for eight consecutive months. The percentage of firms reporting an increase in employment (20 percent) is higher than the percentage reporting a decline (8 percent). Over twice as many firms reported a longer workweek (32 percent) than reported a shorter one (14 percent) and

the workweek index increased 5 points.

## Firms Report Higher Output Prices

Firms continue to report price increases for inputs as well as their own manufactured goods. The prices paid index declined 7 points this month but remains about 45 points higher than readings just seven months ago. Fifty-nine percent of the firms reported higher prices for inputs this month, compared to 64 percent last month. On balance, firms also reported an increase in prices for their own manufactured goods: The prices received index increased 5 points and has steadily increased over the last eight months. Thirty percent of firms reported higher prices for their own goods this month; just 3 percent reported price reductions.

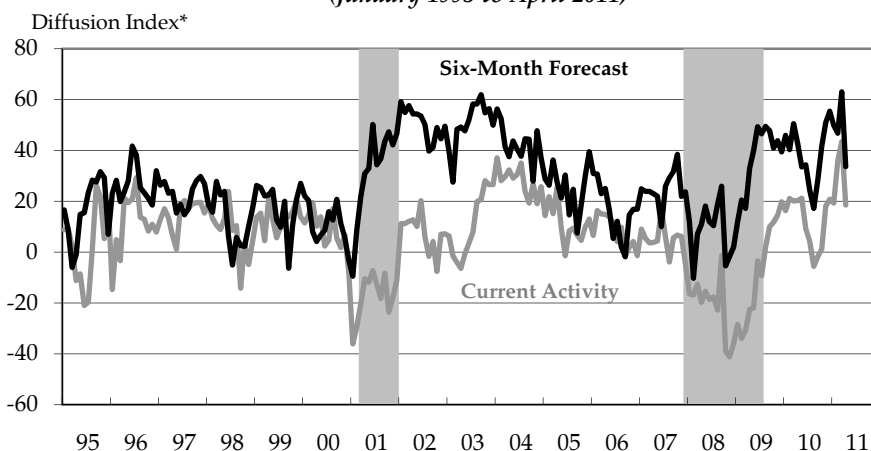
## Six-Month Indicators Fall

The future general activity index decreased 29 points this month, its lowest reading since

last September (see Chart). The indexes for future new orders and shipments also declined, decreasing 31 and 22 points, respectively. The index for future employment continued to be a bright spot and still reflects optimism about expected expansion in the manufacturing sector. The future employment index increased 7 points. More firms expect to increase employment over the next six months (45 percent) than expect to decrease employment (7 percent).

In special questions this month, firms were asked about their export business and expectations for growth for the remainder of the year (see Special Questions). The average firm in the survey's reporting group exports approximately 12 percent of its output. Among the firms that export, about 40 percent expect the share of products for export to

Current and Future General Activity Indexes  
(January 1995 to April 2011)



\* Percentage of respondents indicating an increase minus percentage indicating a decrease.

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increase. Firms were also asked about any adverse effects of the recent crisis in Japan or other international events on the availability of raw materials or other products. The largest percentage of firms (80 percent) indicated no effect; 10 percent indicated some current adverse effects; and 10 percent cited possible future effects.

### Summary

According to respondents to the April *Business Outlook Survey*, the region's manufacturing sector continued to expand this month but at a slower pace than over the previous several months. Most of the survey's broad indicators fell this month but continued to signal expansion. A majority of firms continue to cite price pressures, and a significant share of firms reported higher prices for their own manufactured goods again this month. Indicators for future activity fell notably this month but still suggest that firms expect the current expansion in manufacturing to continue over the next six months.

<b>Special Questions (April 2011)</b>				
1. Approximately what percentage of your manufacturing output is for export?				
Mean: 11.7%*	Median: 5%	Number of Respondents: 89		
2. Over the remainder of this year, do you expect the share of products you export to: **				
Increase Substantially	Increase Moderately	Stay the Same	Decrease Moderately	Decrease Substantially
1.4%	38.4%	56.1%	2.7%	1.4%
3. Have recent developments in Japan or other international events had any adverse effects on the availability of raw materials or other intermediate products for you or any of your customers?				
None	Some Current Effects	Possible Future Effects		
80%	10%	10%		
* About 34 percent of all reporting firms indicated they do not export. **Responses include only those firms that export.				

<b>BUSINESS OUTLOOK SURVEY April 2011</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?	43.4	36.0	43.5	17.5	<b>18.5</b>	<b>63.0</b>	46.3	36.6	12.7	<b>33.6</b>
Company Business Indicators										
New Orders	<b>40.3</b>	37.4	43.0	18.5	<b>18.8</b>	<b>60.1</b>	45.6	31.9	16.4	<b>29.2</b>
Shipments	<b>34.9</b>	42.0	44.8	12.9	<b>29.1</b>	<b>59.3</b>	51.0	31.4	13.2	<b>37.8</b>
Unfilled Orders	<b>14.9</b>	27.7	55.9	14.7	<b>12.9</b>	<b>18.5</b>	27.0	54.3	12.8	<b>14.1</b>
Delivery Times	<b>8.5</b>	20.3	69.9	9.0	<b>11.2</b>	<b>10.4</b>	12.5	70.0	13.6	<b>-1.1</b>
Inventories	<b>12.0</b>	24.5	52.4	22.7	<b>1.7</b>	<b>14.0</b>	31.1	42.7	21.1	<b>10.0</b>
Prices Paid	<b>63.8</b>	58.5	40.0	1.4	<b>57.1</b>	<b>67.2</b>	60.4	31.3	3.3	<b>57.0</b>
Prices Received	<b>22.6</b>	30.2	67.0	2.7	<b>27.5</b>	<b>38.1</b>	42.6	45.3	5.1	<b>37.5</b>
Number of Employees	<b>18.2</b>	20.2	66.0	7.9	<b>12.3</b>	<b>30.7</b>	44.7	38.8	7.0	<b>37.7</b>
Average Employee Workweek	<b>13.2</b>	31.7	51.2	14.0	<b>17.7</b>	<b>17.0</b>	25.2	60.8	6.8	<b>18.4</b>
Capital Expenditures	--	--	--	--	--	<b>34.5</b>	30.2	51.5	10.2	<b>20.0</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 19, 2011.