

Responses to the *Manufacturing Business Outlook Survey* suggest that regional manufacturing activity increased notably in November. The survey's broad indicators for new orders and shipments showed similar improvement this month. Responding firms also indicated that employment was higher this month. In addition, the broadest indicator of future activity suggests that firms expect growth to continue over the next six months.

Current Indicators Suggest Pickup in Growth

The survey's broadest measure of manufacturing conditions, the diffusion index of current activity, increased from 20.7 in October to 40.8 this month and has now been positive for nine consecutive months (see Chart). This was the highest reading since December 1993. The percentage of firms reporting increased activity this month (49 percent) was significantly greater than the percentage reporting decreased activity (9 percent).

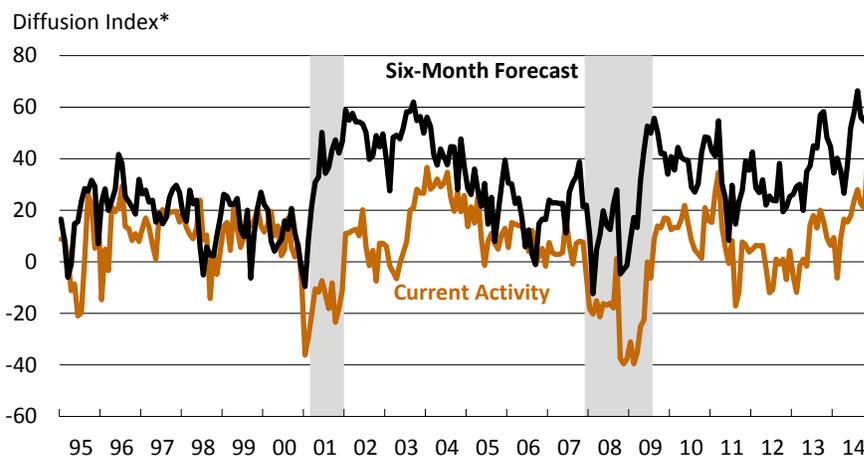
Both the current new orders and shipments indexes rose from their readings in October. The current new orders index, which reflects the demand for manufactured goods, increased 18 points, to 35.7. Over 44 percent of the firms reported a rise in new orders, compared with 36 percent last month.

Labor market indicators showed improvement this month. The current employment index rose 10 points in November, to 22.4, and hit a 3½ year high. Twenty-nine percent of the firms reported increases in employment compared with 20 percent that reported increased employment last month. Firms also reported higher work hours, with the average workweek index rising from -1.3 to 7.8 this month.

Price Indexes Moderate

Both the prices paid and prices received diffusion indexes moderated this month. Input price pressures were reported to be less than last month: The prices paid index fell 10 points to 17.3 this month. Twenty-one percent of the firms reported higher prices paid this month compared with 29 percent last month. Reflecting the prices of their own manufactured goods, the prices received index decreased 9 points

Current and Future General Activity Indexes
(January 1995 to November 2014)



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

from October. The percent of firms reporting higher prices (19 percent) exceeded the percentage reporting lower prices (8 percent), but 72 percent of the firms reported steady prices.

Six-Month Indicators Reflect Continued Optimism

The survey's future indicators suggest optimism for continued growth. This month, the future general activity index rose 3 points, to 57.7 (see Chart). Nearly 60 percent of the firms expect increases in activity over the next six months; only 2 percent of the firms indicated that they expect decreases over the next six months. The indexes for future new orders and shipments also remained at relatively high levels but fell slightly. The future employment index rose almost 4 points to 31.5, with nearly 40 percent of the firms expecting to increase employment over the next six months.

Special Questions Show Improved Employment Plans

In special questions this month, manufacturers were asked to provide details about expected changes in employment over the next 12 months, including factors influencing these changes. Nearly 56 percent of the firms expect to increase their employment over the next 12 months (see

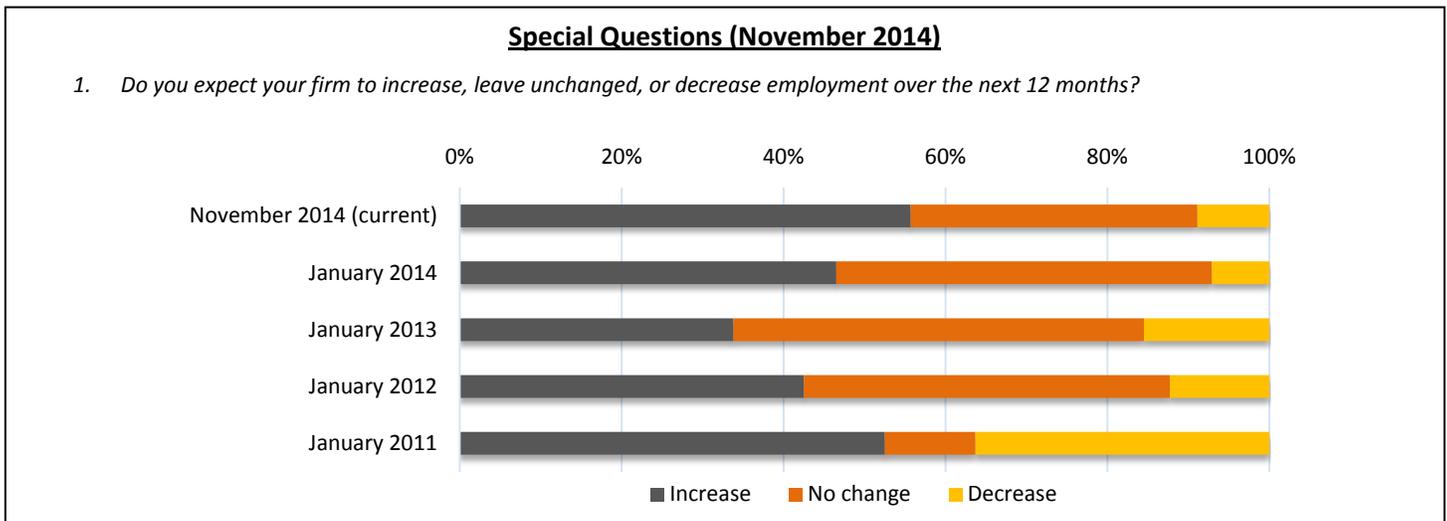


Special Questions). This represents a steady increase since January 2013. When firms were asked to rank the three most important factors influencing their future hiring plans, expected sales growth was the most cited factor and also deemed the most important individual factor. The need for skills not possessed by current staff and having an over-worked current staff were the next highest ranked factors influencing hiring plans. When asked about factors restraining hiring plans, “to keep operating costs low” was the most cited among the top three factors, but “cannot find workers with required skills” was the most frequently cited most important factor. Firms were also asked about how the Affordable Care Act was influencing their plans for hiring: Seventy percent of the firms indicated that no changes were made in overall staffing because of the law; 11 percent of the firms indicated that they had reduced full-time hiring; 8 percent indicated that they have increased the use of contract workers. Almost 8 percent of the firms were not affected by the employer mandate.

Summary

The November *Manufacturing Business Outlook Survey* indicated a pickup in the growth of the region’s manufacturing sector. Firms reported continued increases in overall activity, new orders, shipments, and employment this month. The survey’s future activity indexes remained at high readings, suggesting continued optimism about manufacturing growth. Firms were more optimistic about employment increases over the next six to 12 months. ■

Released: November 20, 2014, 10:00 a.m. ET.
The December *Manufacturing Business Outlook Survey* will be released on December 18, 2014, at 10:00 a.m. ET.



Special Questions continue on page 3.

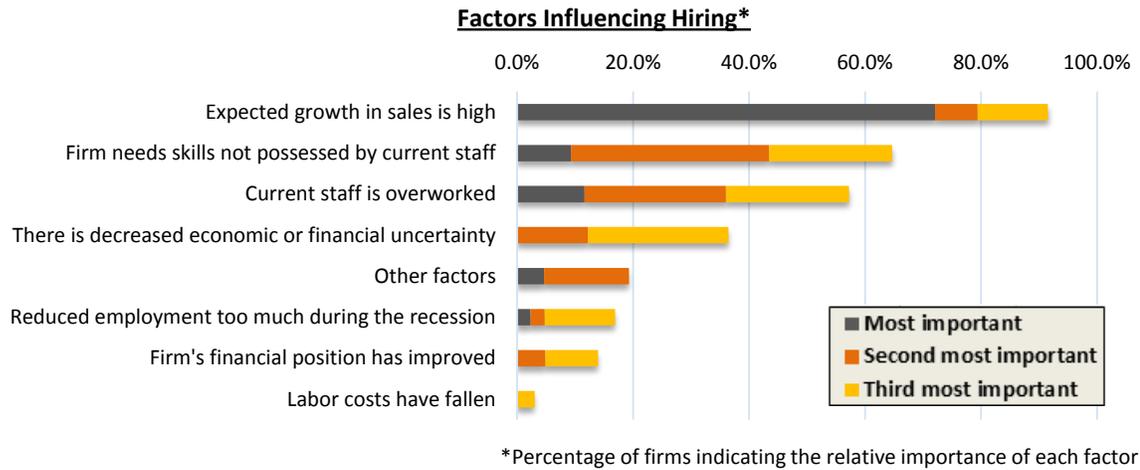
MANUFACTURING BUSINESS OUTLOOK SURVEY November 2014	November vs. October					Six Months from Now vs. November				
	Previous Diffusion Index	Increase	No Change	Decrease	Diffusion Index	Previous Diffusion Index	Increase	No Change	Decrease	Diffusion Index
What is your evaluation of the level of general business activity?	20.7	49.2	41.2	8.5	40.8	54.5	59.4	27.9	1.7	57.7
Company Business Indicators										
New Orders	17.3	44.4	46.9	8.7	35.7	51.4	58.2	21.8	9.4	48.8
Shipments	16.6	42.7	43.8	10.9	31.9	52.3	55.7	25.7	5.1	50.7
Unfilled Orders	11.6	16.9	73.2	9.8	7.1	12.1	22.4	63.5	3.9	18.5
Delivery Times	0.6	17.2	71.4	11.4	5.8	12.8	13.8	69.1	6.9	6.9
Inventories	14.8	23.3	58.4	13.3	10.0	8.9	28.5	43.3	14.8	13.7
Prices Paid	27.6	21.2	73.4	3.9	17.3	32.9	40.4	46.2	4.9	35.5
Prices Received	20.8	19.1	72.2	7.6	11.5	22.5	27.4	56.6	7.0	20.4
Number of Employees	12.1	29.0	61.7	6.6	22.4	28.0	39.8	41.4	8.3	31.5
Average Employee Workweek	-1.3	19.1	63.0	11.3	7.8	16.2	22.2	53.8	11.6	10.6
Capital Expenditures	--	--	--	--	--	18.9	28.4	58.3	5.4	23.0

NOTES:

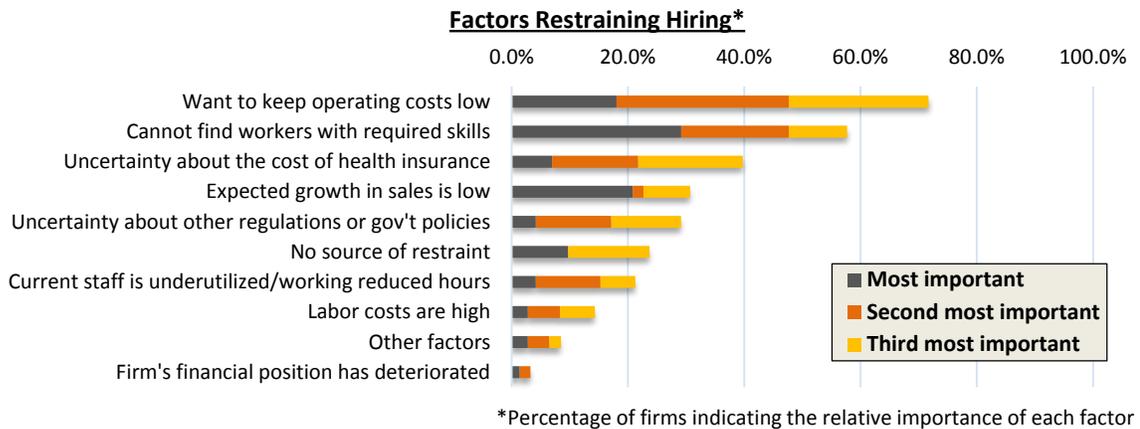
- (1) Items may not add up to 100 percent because of omission by respondents.
- (2) All data are seasonally adjusted.
- (3) Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease.
- (4) Survey results reflect data received through November 18, 2014.

Additional Special Questions (November 2014)

2. *What are the three most important factors behind your plans to increase employment?*



3. *What are the three most important factors, if any, restraining your hiring plans?*



4. *How did you adjust your overall staffing in response to the Affordable Care Act (ACA) going into effect?*

	Percent of Respondents*
No changes were made	70.0
Increased full-time hiring	0.0
Reduced full-time hiring	11.3
Increased part-time hiring	5.0
Reduced part-time hiring	3.8
Increased use of contract workers	7.5
Reduced use of contract workers	5.0
Increased the hours of existing employees	7.5
Reduced the hours of existing employees	2.5
Firm not affected by the ACA employer mandate	7.5
Other	7.5

* Percentages add to greater than 100 percent because firms could choose multiple categories.

