

July 2024

Note: Survey responses were collected from July 8 to July 15.

Manufacturing activity in the region expanded overall, according to the firms responding to the July *Manufacturing Business Outlook Survey*. The survey's indicator for general activity rose, and the indexes for shipments and new orders turned positive. The employment index also turned positive, suggesting an overall increase in employment levels. Both price indexes continued to indicate overall price increases. Most future activity indicators rose, suggesting more widespread expectations for overall growth over the next six months.

Current Indicators Improve

The diffusion index for current general activity rose 13 points to 13.9 in July (see Chart 1). Nearly 39 percent of the firms reported increases in general activity this month, while 25 percent reported decreases; 29 percent reported no change. The indexes for new orders and shipments both turned positive following two consecutive negative readings. The current new orders index rose 23 points to 20.7 in July, its highest reading since March 2022. The current shipments index jumped 35 points to 27.8, its highest reading since May 2022.

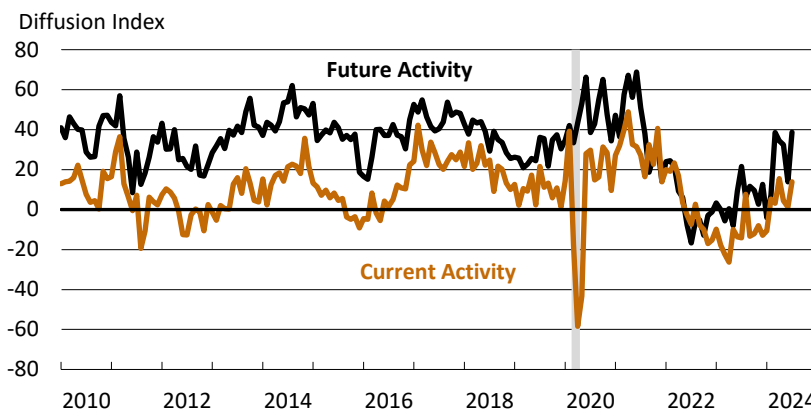
On balance, the firms reported an increase in employment for the first time since October. The employment index rose 18 points to 15.2 in July, its highest reading since October 2022. Twenty-eight percent of the firms reported an increase in employment, while 13 percent reported a decrease; 58 percent reported no change. The average workweek index fell 7 points to -1.6.

Firms Report Overall Price Increases

On balance, the firms reported increases in prices overall in July; however, most firms continued to report no change in prices. The prices paid index edged down 3 points to 19.8 (see Chart 2). Almost 26 percent of the firms reported increases in input prices, while 6 percent reported decreases; 65 percent reported no change. The current prices received

Chart 1. Current and Future General Activity Indexes

January 2009 to July 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.

index rose 11 points to 24.2, its highest reading since January 2023. One-quarter of the firms reported increases in the prices of their own goods (up from 14 percent last month), while 1 percent reported decreases (up from 0 percent); 68 percent reported no change (down from 86 percent).

Firms' Expected Wage Increases Hold Steady

In this month's special questions, the firms were asked about changes in wages and compensation over the past three months as well as their updated expectations for changes in various input and labor costs for the current year (see Special Questions on page 3). Twenty-nine percent of the firms indicated wages and compensation costs had increased over the past three months, 65 percent reported no change, and 7 percent reported decreases. Most firms (81 percent) reported not needing to adjust their 2024 budgets for wages and compensation since the beginning of the year; however, 16 percent of the respondents are planning to increase wages and compensation by more than originally planned.

Released: July 18, 2024, 8:30 a.m. ET.

The August 2024 *Manufacturing Business Outlook Survey* will be released on August 15, 2024, at 8:30 a.m. ET.



The firms still expect cost increases across all categories of expenses in 2024, and the median expected increases were in line with or slightly higher than expectations for most categories when this question was last asked in April. The responses indicate a median expected increase of 3 to 4 percent for wages and of 4 to 5 percent for total compensation (wages plus benefits), both unchanged from April.

Most Future Indicators Rise

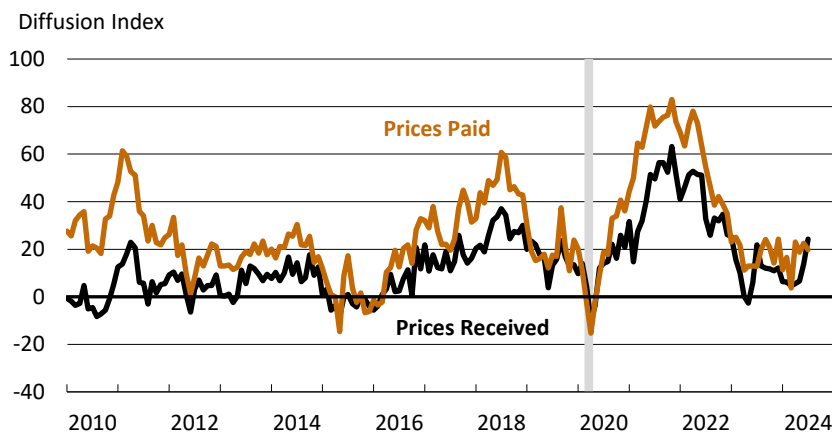
The diffusion index for future general activity jumped from a reading of 13.8 in June to 38.7 in July, its highest reading since July 2021 (see Chart 1). Forty-nine percent of the firms expect an increase in activity over the next six months, exceeding the 10 percent that expect a decrease; 31 percent expect no change. The future new orders index rose 15 points to 31.3, and the future shipments index rose 31 points to 31.0. The firms continue to expect an overall increase in employment over the next six months, and the future employment index increased from a reading of 19.0 to 23.8. The future prices paid index edged up from 56.3 to 60.2, while the future prices received index fell from 58.8 to 43.7. The index for future capital expenditures decreased 5 points to 7.4, its lowest reading since December.

Summary

Responses to the July *Manufacturing Business Outlook Survey* suggest that regional manufacturing activity

Chart 2. Current Prices Paid and Prices Received Indexes

January 2009 to July 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.

expanded overall this month. The indicator for current activity rose, and the indexes for shipments and new orders turned positive. On balance, the firms indicated an increase in employment, and the current price indexes suggest overall increases in prices. Most of the survey's broad indicators for future activity rose, suggesting more widespread expectations for growth over the next six months. ■

MANUFACTURING BUSINESS OUTLOOK SURVEY July 2024	July vs. June					Six Months from Now vs. July				
	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?	1.3	38.9	29.2	25.0	13.9	13.8	49.0	31.3	10.3	38.7
Company Business Indicators										
New Orders	-2.2	42.2	33.4	21.5	20.7	16.2	43.7	34.0	12.4	31.3
Shipments	-7.2	40.5	44.7	12.7	27.8	-0.1	43.3	34.0	12.3	31.0
Unfilled Orders	8.9	29.3	49.5	20.2	9.1	12.2	22.2	54.5	15.2	7.0
Delivery Times	-9.4	16.1	73.6	7.6	8.5	0.4	18.6	57.8	14.6	3.9
Inventories	-6.4	18.9	48.0	28.3	-9.4	-24.2	27.3	35.6	26.9	0.4
Prices Paid	22.5	25.9	64.7	6.1	19.8	56.3	61.7	30.5	1.5	60.2
Prices Received	13.7	25.0	68.3	0.9	24.2	58.8	52.2	32.7	8.5	43.7
Number of Employees	-2.5	28.0	57.8	12.8	15.2	19.0	32.3	55.2	8.5	23.8
Average Employee Workweek	4.8	8.4	77.9	10.0	-1.6	2.2	20.1	63.6	3.5	16.6
Capital Expenditures	--	--	--	--	--	12.1	19.6	64.7	12.2	7.4

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 July 15, 2024.

Special Questions (July 2024)	
1. How have wages and compensation changed at your firm over the past three months?	
	Percent (%)
Increased	29.0
No change	64.5
Decreased	6.5

2. Since the beginning of the year, have you adjusted your budget for wages and compensation for 2024?*	
	Percent (%)
Yes, and we are planning to increase wages and compensation by more than originally planned.	16.1
Yes, and we are planning to increase wages and compensation sooner than originally planned.	0.0
No, we have not needed to make adjustments.	80.6
Other	3.2
*Percentages do not sum to 100 because more than one option could be selected.	

3. What percentage change in costs do you now expect for the following categories over all of 2024?***							
	Energy	Other Raw Materials	Intermediate Goods	Wages	Health Benefits	Nonhealth Benefits	Wages + Health Benefits + Nonhealth Benefits
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Decline of more than 1%	3.4	3.4	0.0	3.4	3.4	3.4	3.7
No change	37.9	10.3	24.0	10.3	24.1	34.5	14.8
Increase of 1–2%	10.3	20.7	8.0	6.9	6.9	13.8	0.0
Increase of 2–3%	6.9	27.6	24.0	13.8	17.2	20.7	11.1
Increase of 3–4%	13.8	13.8	28.0	34.5	6.9	10.3	11.1
Increase of 4–5%	10.3	6.9	4.0	24.1	13.8	3.4	33.3
Increase of 5–7.5%	13.8	10.3	12.0	6.9	6.9	6.9	14.8
Increase of 7.5–10%	3.4	3.4	0.0	0.0	10.3	6.9	0.0
Increase of 10–12.5%	0.0	3.4	0.0	0.0	0.0	0.0	7.4
Increase of more than 12.5%	0.0	0.0	0.0	0.0	3.4	0.0	3.7
Median Expected Change	1–3%	2–3%	2–3%	3–4%	4–5%	1–2%	4–5%
Median Expected Change (April 2024)	2–3%	2–3%	2–3%	3–4%	3–4%	2–3%	4–5%
***The firms responded to more detailed changes than shown in the provided ranges.							