

July 2017

Manufacturing activity in the region continues to grow but at a slower pace, according to results from the July *Manufacturing Business Outlook Survey*. The diffusion indexes for general activity, new orders, shipments, employment, and work hours remained positive but fell from their readings in June. Respondents also reported a moderation of price pressures this month. Firms remained generally optimistic about future growth. More than one-third of the manufacturers expect to add to their payrolls over the next six months.

### Current Indicators Suggest Positive but Weaker Growth

The index for current manufacturing activity in the region decreased from a reading of 27.6 in June to 19.5 this month (see Chart 1). The index has been positive for 12 consecutive months, but July's reading is the lowest since November. Thirty-seven percent of the firms indicated increases in activity in July, down from 42 percent last month. The shipments index decreased 16 points, while the new orders index fell 24 points. Nearly 31 percent of the respondents reported a rise in new orders this month, down from 45 percent in June. Both the delivery times and unfilled orders indexes were positive for the ninth consecutive month, suggesting longer delivery times and increases in unfilled orders.

Firms reported overall increases in manufacturing employment this month, but the current employment index fell 5 points. The index has been positive for eight consecutive months. The percentage of firms reporting an increase in employment was 17 percent, while 6 percent reported a decrease. The average workweek index has been positive for nine consecutive months but decreased 17 points.

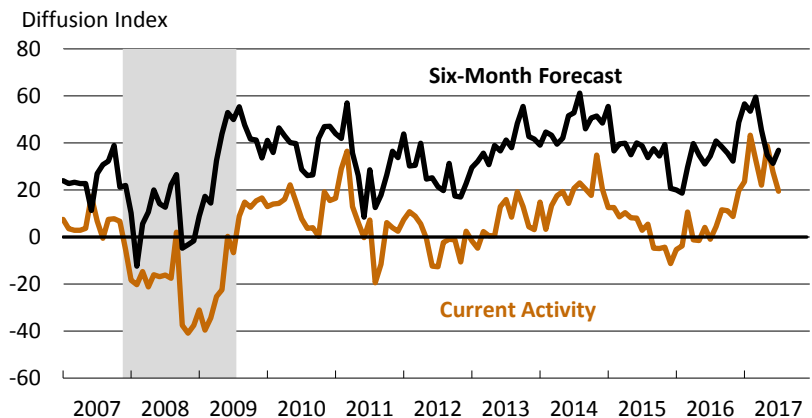
### Price Indexes Suggest Moderated Price Pressures

The survey's price indicators suggest moderated price pressures this month: Both the prices paid and prices received indexes remained positive but fell from their June readings. With regard to prices paid for inputs, 24 percent of the respondents reported higher input prices. The current prices paid index fell 5 points and has declined for four consecutive months. The prices received index fell 12 points (see Chart 2). With 17 percent of the firms reporting higher prices, this index is at its lowest reading in seven months.

### Most Firms Expect Continued Growth

The survey's six-month indicators remained positive this month, with firms generally expecting growth to continue. The diffusion

**Chart 1. Current and Future General Activity Indexes**  
January 2007 to July 2017



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 for future general activity increased from 31.3 in June to 36.9 this month (see Chart 1). Over half of the manufacturers expect increases in activity over the next six months, while 14 percent expect declines. The future new orders index increased 8 points, while the future shipments index fell 13 points. The future employment diffusion index decreased 3 points to 27.0. More than 34 percent of the firms expect to increase employment over the next six months. Optimism about future capital spending improved notably this month: The diffusion index for future capital spending increased 13 points, and 43 percent of the firms indicated they plan to increase such spending over the next six months.

### Seasonal Activity Continues to Be Important to Some Manufacturers

In this month's special questions, firms were asked to assess the importance of seasonal factors in production, seasonal changes in their production by month, and whether these seasonal factors have changed in importance over time (see Special Questions on page 3). Most firms (63 percent) reported that seasonal factors were not significant, while 35 percent indicated that they were significant. Of the firms that reported significant seasonal patterns, the most common pattern was increased production during the spring and fall and decreased activity in midsummer and during the winter months. Fifty-eight percent of the firms with seasonal

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The August 2017 *Manufacturing Business Outlook Survey* will be released on August 17, 2017, at 8:30 a.m. ET.

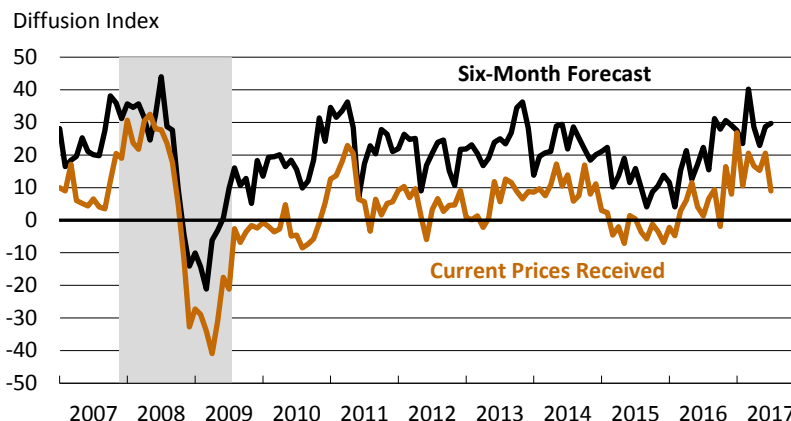


patterns reported that seasonal effects have not changed; 25 percent saw seasonal patterns as less important, and only 12 percent indicated they were more significant.

### Summary

Responses to the July *Manufacturing Business Outlook Survey* suggest continued growth for the region's manufacturing sector, but the pace of growth was slower. The survey's future indexes indicate that respondents continue to expect growth over the next six months. ■

**Chart 2. Current and Future Prices Received Indexes**  
January 2007 to July 2017



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.

MANUFACTURING BUSINESS OUTLOOK SURVEY July 2017	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?	27.6	37.3	44.9	17.8	19.5	31.3	51.3	27.1	14.4	36.9
Company Business Indicators										
New Orders	25.9	30.5	41.1	28.4	2.1	31.9	53.2	29.1	13.8	39.4
Shipments	28.5	31.8	48.3	19.6	12.2	38.7	44.1	32.7	18.2	25.9
Unfilled Orders	14.0	19.9	63.7	12.6	7.2	3.4	25.2	56.2	13.8	11.4
Delivery Times	13.9	14.9	72.4	7.5	7.4	0.2	10.5	76.1	8.9	1.6
Inventories	5.8	22.1	56.5	21.4	0.7	20.4	38.6	42.6	12.8	25.8
Prices Paid	23.6	24.0	68.5	4.9	19.1	40.9	50.6	41.0	4.0	46.6
Prices Received	20.6	17.3	71.8	8.3	9.0	28.7	34.9	55.7	5.3	29.7
Number of Employees	16.1	16.5	74.6	5.6	10.9	30.0	34.4	55.4	7.4	27.0
Average Employee Workweek	20.5	17.8	67.1	13.9	3.8	8.4	17.7	64.7	13.3	4.3
Capital Expenditures	--	--	--	--	--	28.6	43.0	46.2	1.0	42.0

**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 percent because of rounding, omission by respondents, or both.
- (4) Survey results reflect data received through July 14, 2017.



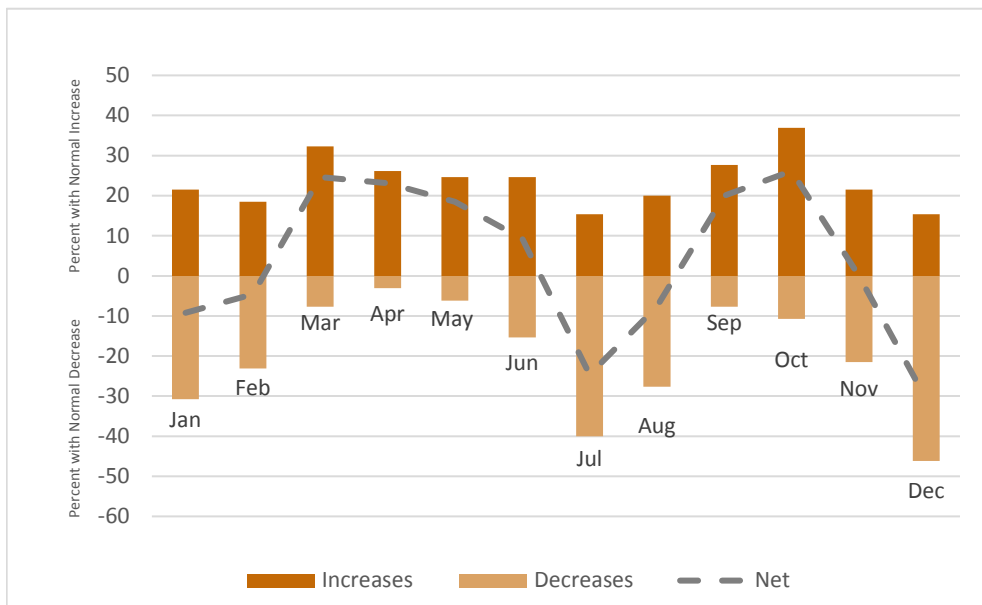
# MBOS SPECIAL QUESTIONS

## Special Questions (July 2017)

1. How important are seasonal factors in your monthly production levels?

Significant 35.4%	Not Significant 63.1%	No Response 1.5%
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2. We normally experience seasonal increases or decreases in the following months:



3. Have seasonal factors become more or less important for your business over time?

