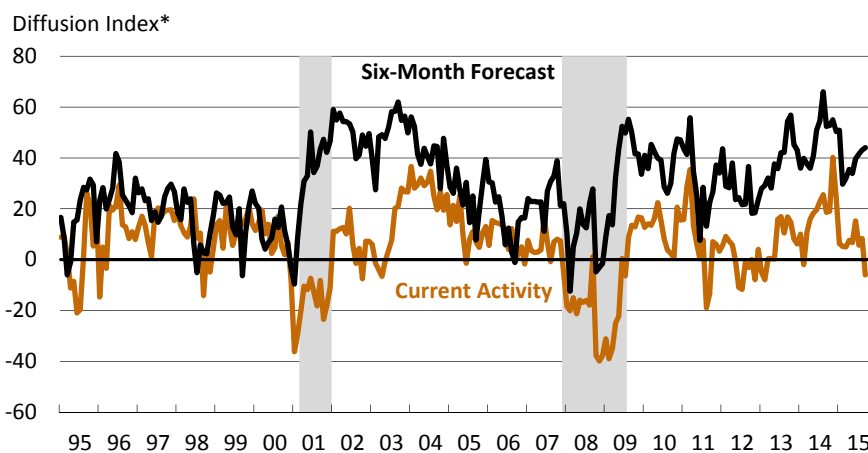


Manufacturing conditions in the region were mixed in September, according to firms responding to this month's *Manufacturing Business Outlook Survey*. The indicator for general activity fell into negative territory, but indicators for new orders, shipments, and employment remained positive. Evidence suggests that the responses regarding general activity that were received earlier in the month may have been negatively affected by the volatility in the stock market and international news reports. Firms reported essentially unchanged prices for raw materials and other inputs in September and slight declines in prices for their own products. The survey's indicators of future activity remained near their readings in August, indicating that firms expect a continuation of growth in the manufacturing sector over the next six months.

Current and Future General Activity Indexes (January 1995 to September 2015)



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

Indicators Were Mixed in September

The survey's broadest measure of manufacturing conditions, the diffusion index of current activity, decreased from 8.3 in August to -6.0 this month. This is the first negative reading in the index since February 2014 (see Chart). However, the demand for manufactured goods, as measured by the survey's current new orders index, showed continued growth: The diffusion index increased from 5.8 to 9.4. Firms reported that shipments also continued to rise. The current shipments index remained positive but fell 2 points, to 14.8.

Firms' responses suggest some improvement in employment conditions in September despite the reported lull in overall activity. The percentage of firms reporting an increase in employees in September (21 percent) was higher than the percentage reporting a decrease (11 percent). The current employment index increased 5 points, its highest reading in five months. Firms also reported, on balance, a modest increase in the workweek similar to August.

Prices Near Steady This Month

Firms reported near-steady prices of purchased inputs this month. The percentage of firms reporting price increases (16 percent) was nearly offset by the percent reporting price reductions (15 percent). Roughly two-thirds of the firms reported

steady input prices this month. The prices paid diffusion index fell 6 points, to 0.5, its lowest reading in four months. With respect to prices received for manufactured goods, the percent of firms reporting lower prices (17 percent) exceeded the percentage reporting higher prices (12 percent) for the second consecutive month. The prices received index was virtually unchanged from August at -5.0.

Future Indexes Remained Generally Optimistic

The survey's broadest indicator of future growth edged slightly higher this month. The future general activity index increased 1 point, to 44.0, its highest reading since January (see Chart). The future index for new orders, at 44.4, decreased 2 points, while the future shipments index, at 41.4, increased 4 points. Furthermore, 28 percent of the firms expect expansion in their workforce over the next six months, while 10 percent expect a reduction. The future employment index, at 17.9, declined 4 points from its August reading.

Released: September 17, 2015, 10:00 a.m. ET.

The October 2015 *Manufacturing Business Outlook Survey* will be released on October 15, 2015, at 10:00 a.m. ET.



In this month's special questions, firms were asked to estimate their total production growth for the third quarter ending this month along with expected growth for the fourth quarter. Firms anticipating increases in third-quarter production (46 percent) edged out those anticipating decreases (42 percent). However, the median production growth expected by firms for the third quarter was essentially unchanged from the second quarter. With regard to the fourth quarter, the percentage of firms forecasting acceleration in the rate of production growth (41 percent) was only slightly greater than the percentage forecasting deceleration in growth (39 percent).

Summary

The *Manufacturing Business Outlook Survey* suggests diminished general activity in September, although firms reported continued moderate growth in new orders and shipments. Employment also expanded moderately, suggesting firms are optimistic about a continuation of growth despite reported weakness in overall activity this month. The survey's price indexes showed no signs of upward pressures this month. Indicators reflecting firms' expectations for the next six months held steady or improved, suggesting expectations have not been notably diminished compared with previous months. ■

Special Questions (September 2015)*		
1. How will your firm's total production for the third quarter compare with that of the second quarter?		
An increase of:	% of firms	Subtotals
10% or more	5.4	% of firms reporting an increase: 45.9
8-10%	5.4	
6-8%	5.4	
4-6%	9.5	
2-4%	6.8	
1-2%	8.1	
Less than 1%	5.4	
No change	12.2	
A decline of:		
Less than 1%	1.4	% of firms reporting a decrease: 41.9
1-2%	6.8	
2-4%	4.1	
4-6%	6.8	
6-8%	5.4	
8-10%	4.1	
10% or more	13.5	
The median value for all responses is "no change."		
2. For the upcoming fourth quarter , how much growth do you expect at your plant compared with the third quarter?		
Significant acceleration	6.8	% of firms reporting acceleration: 40.5
Some acceleration	16.2	
Slight acceleration	17.6	
No change	20.3	
Slight deceleration	18.9	% of firms reporting deceleration: 39.2
Some deceleration	17.6	
Significant deceleration	2.7	
*Percentages might not add up to 100 due to rounding.		

MANUFACTURING BUSINESS OUTLOOK SURVEY September 2015	September vs. August					Six Months from Now vs. September				
	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?	8.3	28.8	36.4	34.8	-6.0	43.1	53.5	27.5	9.5	44.0
Company Business Indicators										
New Orders	5.8	40.8	25.5	31.4	9.4	46.4	55.2	29.3	10.7	44.4
Shipments	16.7	40.0	28.2	25.2	14.8	37.6	50.9	30.3	9.6	41.4
Unfilled Orders	-1.0	15.1	55.1	21.7	-6.6	26.2	21.7	60.3	9.2	12.4
Delivery Times	-0.4	12.6	72.9	12.1	0.5	1.0	15.6	64.9	13.4	2.2
Inventories	0.2	20.8	49.3	23.5	-2.7	12.4	23.4	48.2	19.5	3.9
Prices Paid	6.2	15.8	66.0	15.4	0.5	38.4	33.1	50.6	3.9	29.2
Prices Received	-4.9	11.5	63.8	16.5	-5.0	8.7	19.9	55.1	13.7	6.2
Number of Employees	5.3	21.2	63.7	11.0	10.2	21.5	27.7	53.5	9.8	17.9
Average Employee Workweek	8.5	18.4	66.1	11.5	7.0	1.2	15.2	63.4	10.2	5.0
Capital Expenditures	--	--	--	--	--	18.4	33.7	44.7	6.5	27.2
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 September 14, 2015.										

