

# Supplemental Survey Report

## Businesses Have Scaled Back Sales Expectations, Foresee Slower Hiring and Flat Capital Spending

In a series of supplementary questions to the June 2019 *Empire State Manufacturing Survey* and *Business Leaders Survey*, businesses were asked how much their sales, employment levels, and capital spending had changed between the first half of 2018 and the first half of 2019 as well as over the full respective calendar years. Businesses were also asked how their 2019 sales (revenue), hiring, and capital spending budgets were tracking, relative to what they had been expecting at the beginning of this year. Parallel questions were posed in June 2018 and in earlier surveys.

The median manufacturing respondent indicated that year-to-date sales were up 2.0 percent from a year earlier, while the median projected gain for the full year was 5.0 percent—both more modest growth estimates than in last June's survey. The median service sector firm reported gains of 5.0 percent for both the first half and the full year. In last year's survey, the reported gains were 3.5 and 5.0 percent, respectively.

Regarding changes in staffing levels between the first half of last year and the first half of this year, the median panelist in both surveys indicated no change. In assessing prospects for the full year, the median response among manufacturers was no change but service firms expected a modest gain of 1.0 percent. Capital

spending was seen as unchanged over both time horizons by the median panelist in both the manufacturing and service sector surveys.

Survey respondents were also asked if they had recently modified their sales (revenue) expectations for the second half of 2019. Both manufacturers and service sector businesses responded negatively, on balance: somewhat more than 40 percent of panelists in both surveys indicated that they had scaled back their expectations, while roughly 25 percent said they had revised them upward. This contrasts with last June's survey, when the balance of responses was somewhat positive in both surveys.

Businesses were also asked about how their hiring and capital spending for 2019 have been proceeding, relative to what they had budgeted at the start of the year. On hiring, negative responses outnumbered positive ones to a moderate degree—by 13 percentage points among manufacturers and by 10 points among service firms. On capital spending, panelists in both surveys indicated that they were roughly on plan.

Businesses were also asked about past and expected changes in both the prices they pay for inputs and the prices they charge their customers. The median respondent in both surveys said prices paid for inputs had risen by 3.0 percent over the past twelve months—below the 5.0 percent

median rise expected by manufacturers in last year's survey but in line with expectations among service firms. In assessing changes in selling prices over the past year, the median increase reported was just 2.0 percent among manufacturers (in line with last June's expectation) and 1.5 percent among service firms (slightly lower than expected).

Looking ahead to the next twelve months, firms in both surveys did not anticipate any substantial changes. The median expected rise in input prices was 3.0 percent among both survey groups—the same readings as when respondents were asked about the past twelve months. Regarding selling prices, the median expected increase was 2.0 percent among both segments.

Finally, respondents were asked what overall effect U.S. trade policies and tariffs had on their business in the first half of this year, and what effects they anticipated for the second half. For the first half of 2019, negative effects—mostly modest effects—were reported by 58 percent of manufacturers and 44 percent of service firms. Conversely, 11 percent of manufacturers and 5 percent of service firms noted positive effects. When asked about the second half of the year, nearly 65 percent of manufacturers and nearly 60 percent of service firms said they anticipated negative effects, and about a third of those, in turn, were expected to be significant negative effects. ■

## Supplemental Survey Report, *continued*

### QUESTION 1

Please estimate the percentage change in your firm's sales, number of employees, and capital spending from 2018 to 2019—both for the first half of the year and what you expect for the full year:

	Empire State Manufacturing Survey		Business Leaders Survey	
	June 2019		June 2018	
	Median Percentage Change from 2018 to 2019		Median Percentage Change from 2017 to 2018	
<b>Total sales</b>				
First half of year	2.0	5.0	5.0	3.5
Full year	5.0	5.0	6.5	5.0
<b>Number of employees</b>				
First half of year	0.0	0.0	0.0	0.0
Full year	0.0	1.0	2.0	3.0
<b>Capital spending</b>				
First half of year	0.0	0.0	0.0	0.0
Full year	0.0	0.0	5.0	3.0

### QUESTION 2

In the past several months, to what extent have you modified your sales (revenue) expectations for the second half of the year?

	Empire State Manufacturing Survey		Business Leaders Survey	
	June 2019		June 2018	
	Percentage of Respondents		Percentage of Respondents	
Reduced substantially	5.4	4.3	4.1	3.9
Reduced somewhat	36.2	39.9	25.6	25.7
No change	31.5	31.9	30.6	39.5
Increased somewhat	23.8	21.5	31.4	28.3
Increased substantially	3.1	2.5	8.3	2.6

## Supplemental Survey Report, *continued*

### QUESTION 3

Relative to what you were planning at the beginning of this year, how have your actual hiring and capital spending proceeded thus far this year?

	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	June 2019			
	Actual Hiring		Actual Capital Spending	
	Percentage of Respondents		Percentage of Respondents	
Much less than planned	5.4	2.4	8.6	3.2
Somewhat less than planned	17.8	18.9	13.3	13.9
About as planned	66.7	67.1	57.8	68.4
Somewhat more than planned	8.5	11.6	15.6	13.9
Much more than planned	1.6	0.0	4.7	0.6

### QUESTION 4

By what percentage have your input and selling prices changed over the *past* twelve months?

	June 2019		June 2018	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	3.0	3.0	5.0	3.0
Your selling prices	2.0	1.5	2.0	0.5

### QUESTION 5

By what percentage do you expect your input and selling prices to change over the *next* twelve months?

	June 2019		June 2018	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	3.0	3.0	5.0	3.0
Your selling prices	2.0	2.0	3.0	2.0

## Supplemental Survey Report, *continued*

**QUESTION 6**

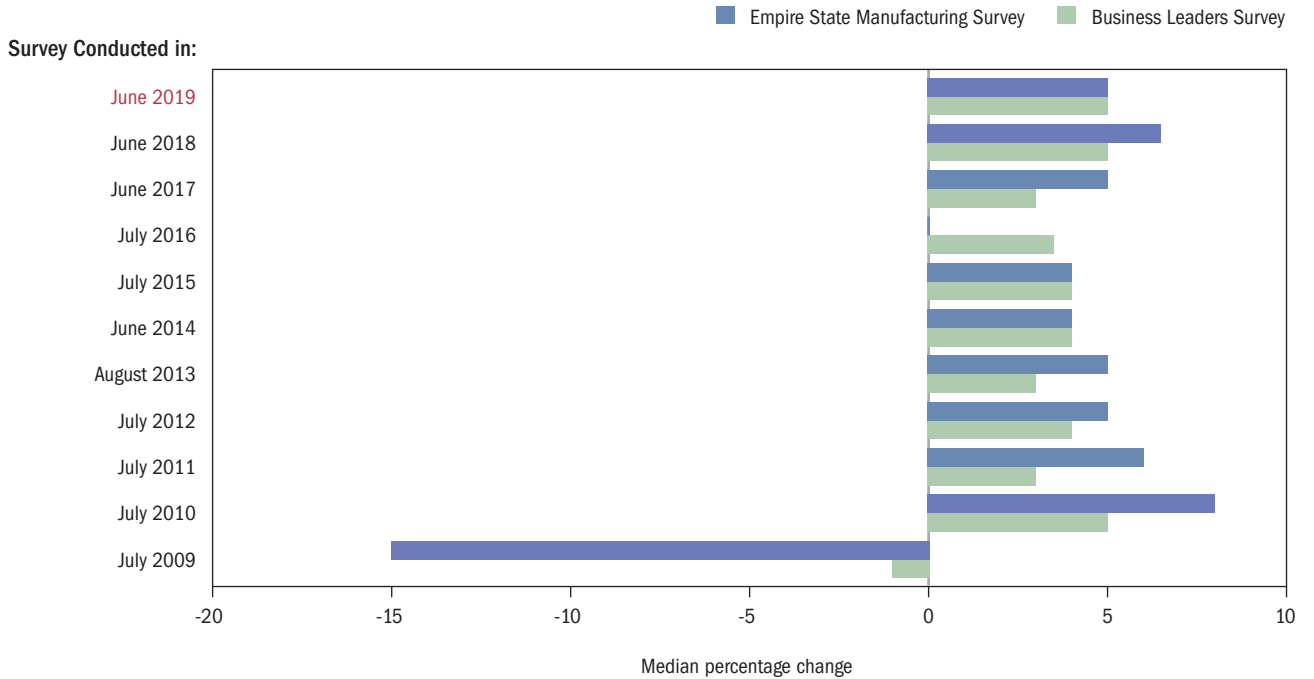
What overall effect have U.S. trade policy and tariffs had on your business in the *first half* of this year, and what effects do you expect them to have in the *second half*?

	First Half		Second Half	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents		Percentage of Respondents	
Significant negative effect	9.2	8.1	23.8	18.4
Modest Negative Effect	48.5	36.0	40.0	40.5
No Effect	31.5	50.9	23.8	33.1
Modest Positive Effect	8.5	4.3	8.5	6.1
Significant Positive Effect	2.3	0.6	3.8	1.8

# Supplemental Survey Report, *continued*

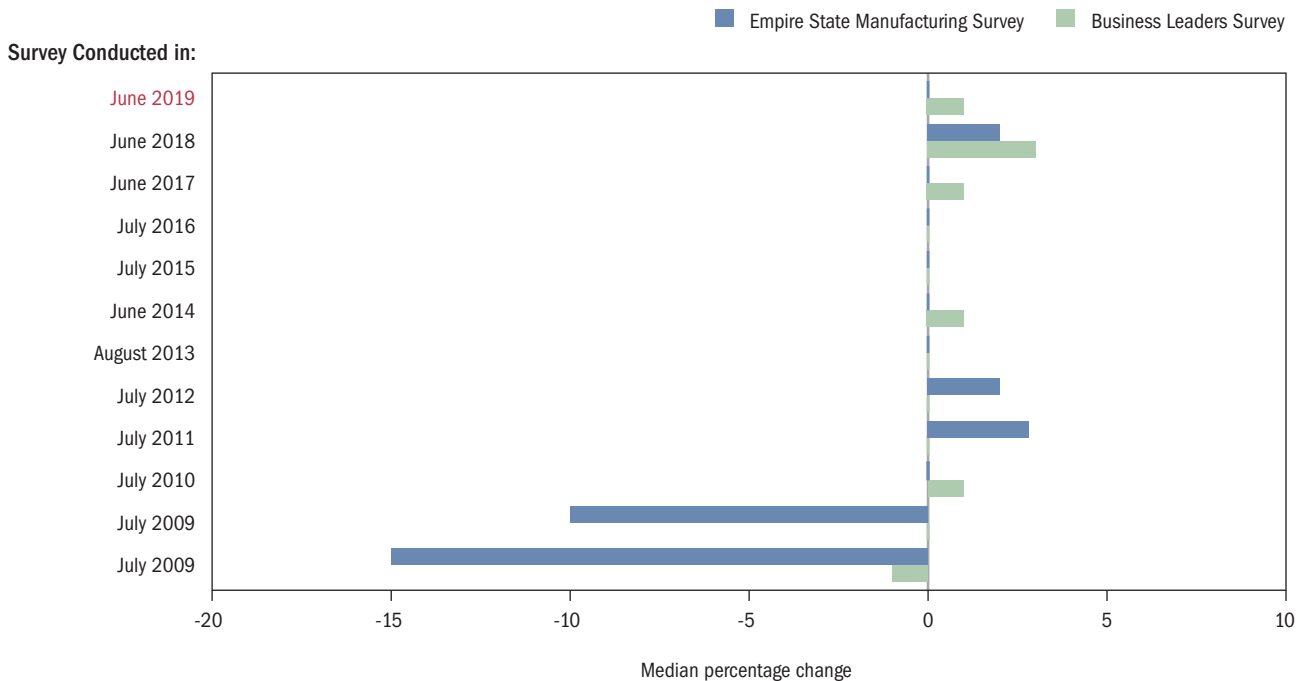
## HISTORICAL OVERVIEW FOR QUESTION 1A

Please estimate the percentage change in your firm's *sales* from last year to this year.



## HISTORICAL OVERVIEW FOR QUESTION 1B

Please estimate the percentage change in your firm's *employment level* from last year to this year.



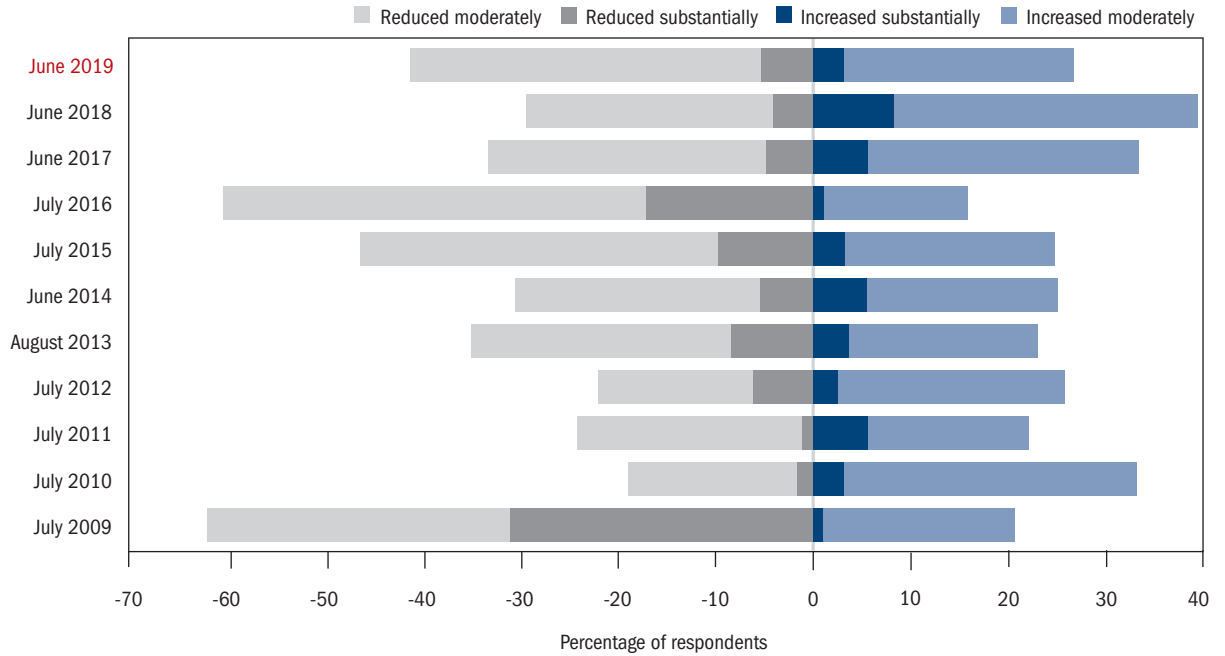
Notes: Manufacturers reported no change in their sales in July 2016; they reported no change in their employment level in June 2019, June 2017, July 2016, July 2015, June 2014, August 2013, and July 2010. Service sector firms reported no change in their employment level in July 2016, July 2015, August 2013, July 2012, July 2011, and July 2009.

# Supplemental Survey Report, *continued*

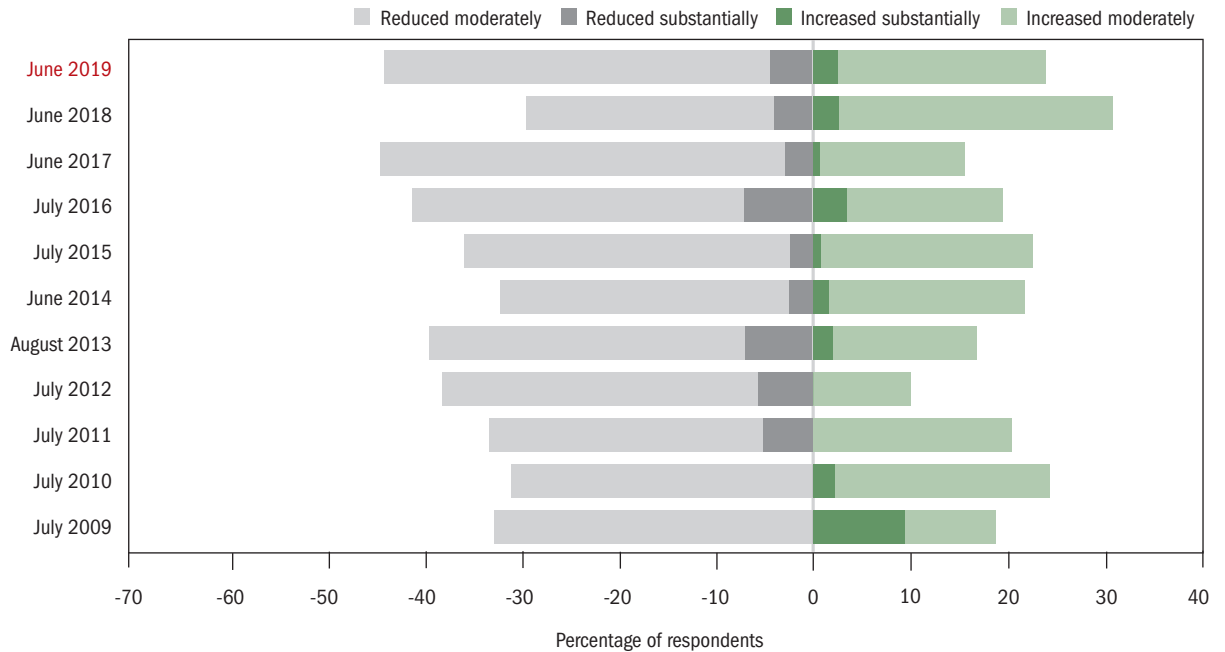
**HISTORICAL OVERVIEW FOR QUESTION 2**

**To what extent have you modified your sales (revenue) expectations in recent months?**

Empire State Manufacturing Survey



Business Leaders Survey



Note: In the July 2012 survey and its predecessors, manufacturers were asked about “production plans,” as opposed to sales (revenue) expectations.