

Empire State Manufacturing Survey

The September 2013 *Empire State Manufacturing Survey* suggests that conditions for New York manufacturers improved modestly for the fourth straight month. The general business conditions index edged down two points but, at 6.3, remained in positive territory. The new orders index inched up two points to 2.4, while the shipments index jumped nearly fifteen points to 16.4—its highest level in considerably more than a year. The prices paid index was little changed at 21.5, while the prices received index climbed another five points to 8.6. Labor market conditions were mostly steady; the index for number of employees retreated three points to 7.5 and the average

workweek index edged down to a neutral reading of 1.1. Indexes for the six-month outlook revealed increasingly widespread optimism about future business activity. The future general business conditions index rose for the third straight month, climbing three points to 40.6, its highest level since the spring of 2012.

In response to a series of supplementary questions, manufacturers reported that their selling prices had risen by a little less than 1 percent, on average, over the past year, and they predicted an increase of 1.5 percent, on average, over the next twelve months. These increases roughly matched those

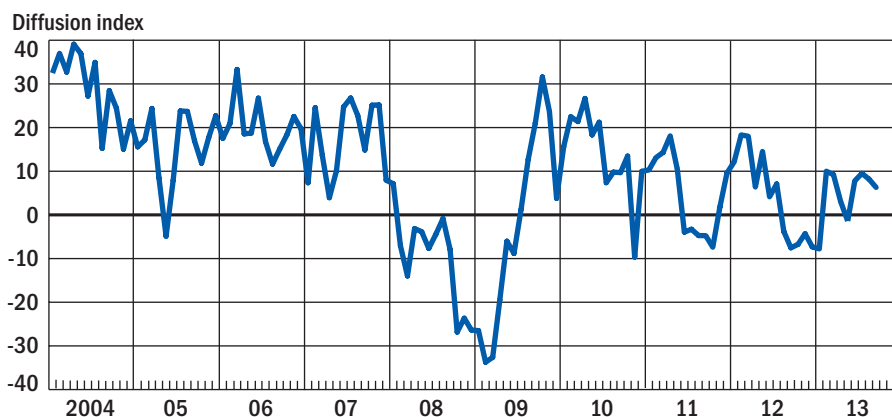
reported in last September's parallel survey. When asked a separate question about the probability of specified price changes over the next twelve months, the average respondent cited a 44 percent chance that selling prices would remain within 2 percent of current levels and a 43 percent chance that they would rise by 2 percent or more, but just a 3 percent chance that they would rise by at least 8 percent. For more details, see the full supplemental report.

Business Conditions Improve for the Fourth Straight Month

Business conditions strengthened for New York State manufacturers for a fourth consecutive month. The general business conditions index stood at 6.3—down almost two points from August but still at a level indicative of modest expansion. Slightly more than 25 percent of respondents reported that conditions had improved over the month, while 20 percent said conditions had worsened. The new orders index edged up two points to 2.4, while the shipments index surged fifteen points to 16.4, indicating that shipments picked up even as orders remained flat. The unfilled orders index was

General Business Conditions

Seasonally adjusted



Continued

Continued from page 1

little changed at -6.5. The delivery time index slipped to -4.3, but the inventories index rose nearly six points to 2.2, its first positive reading in more than a year.

Labor Market Stable

Labor market conditions were generally steady: The index for number of employees retreated three points to 7.5, and the average workweek index sustained a similar decline to 1.1. Price indexes were steady or slightly higher. The prices paid index was little changed at 21.5, while the prices received

index rose five points to 8.6, suggesting a small acceleration in selling prices.

Six-Month Outlook Remains Favorable

Indexes for the six-month outlook for the most part conveyed increasingly widespread optimism about future business conditions. The future general business conditions index rose three points to 40.6, its highest level since spring 2012. The indexes for both expected new orders and expected shipments rose eight points to about 38; both were up roughly twenty points since

June. The future prices paid index was little changed at 39.8, while the index for future prices received rose more than five points to 24.7. The index for expected number of employees slipped four points to 4.3, while the future average workweek index rose modestly but remained negative at -2.2. The capital expenditures index slipped nine points to 15.1, after reaching its highest level in more than a year in August. The technology spending index jumped seven points to 11.8. ■

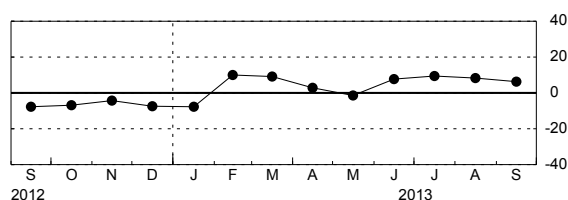
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	30.00	48.24	21.76	8.24
Sep	26.68	52.93	20.39	6.29

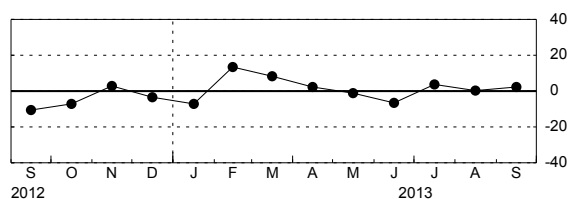
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	27.33	45.61	27.06	0.27
Sep	28.01	46.34	25.66	2.35

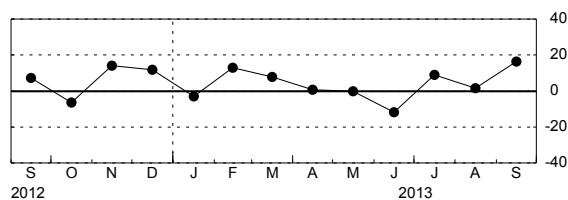
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	31.07	39.32	29.61	1.47
Sep	35.31	45.80	18.89	16.43

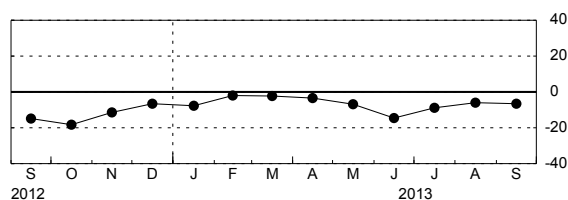
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	12.05	69.88	18.07	-6.02
Sep	10.75	72.04	17.20	-6.45

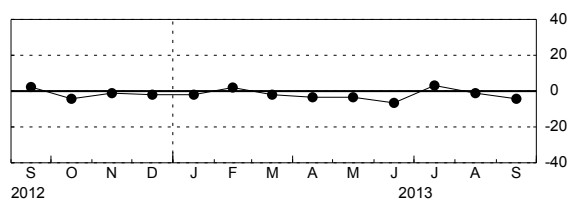
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	7.23	84.34	8.43	-1.20
Sep	7.53	80.65	11.83	-4.30

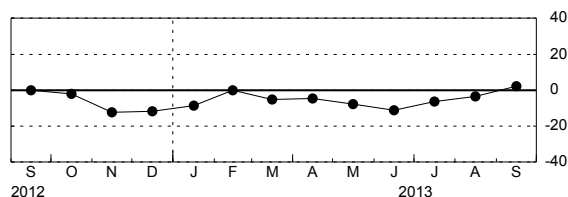
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	22.89	50.60	26.51	-3.61
Sep	22.58	56.99	20.43	2.15

Inventories - Diffusion Index



Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	22.89	74.70	2.41	20.48
Sep	23.66	74.19	2.15	21.51

Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	12.05	79.52	8.43	3.61
Sep	13.98	80.65	5.38	8.60

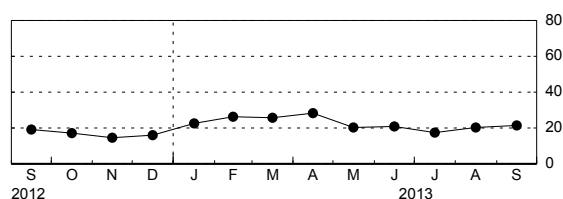
Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	22.89	65.06	12.05	10.84
Sep	20.43	66.67	12.90	7.53

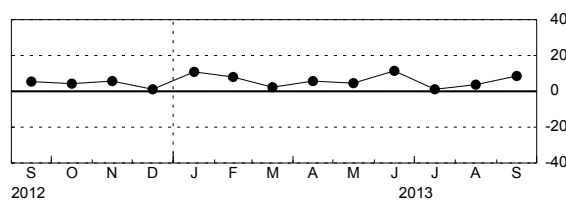
Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	18.07	68.67	13.25	4.82
Sep	13.98	73.12	12.90	1.08

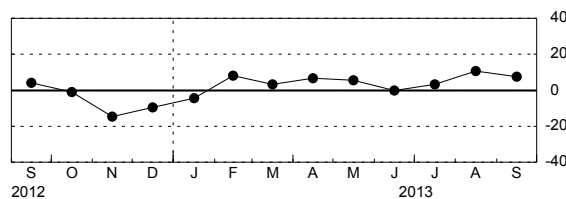
Prices Paid - Diffusion Index



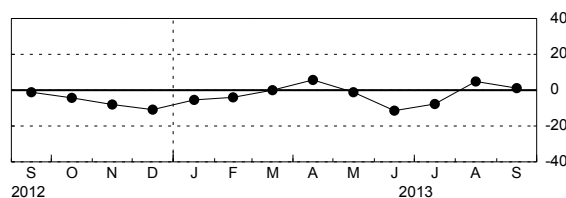
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

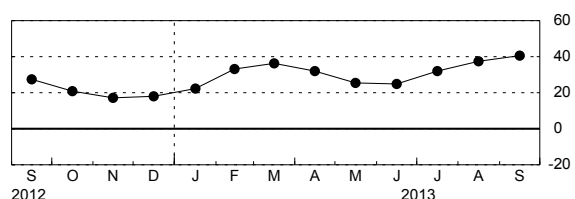
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	51.71	33.97	14.32	37.39
Sep	49.11	42.41	8.47	40.64

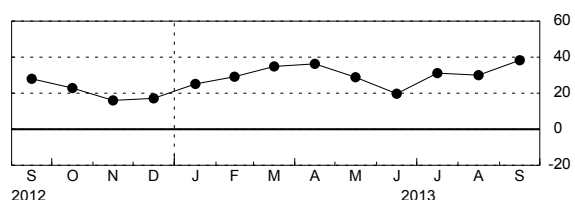
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	45.02	39.97	15.01	30.01
Sep	49.62	38.93	11.45	38.17

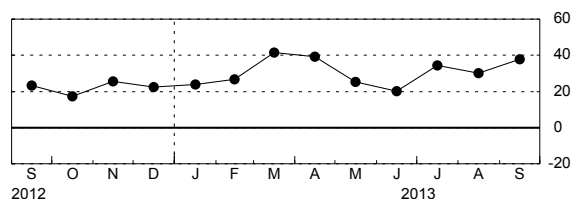
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	45.59	38.84	15.57	30.02
Sep	48.55	40.75	10.71	37.84

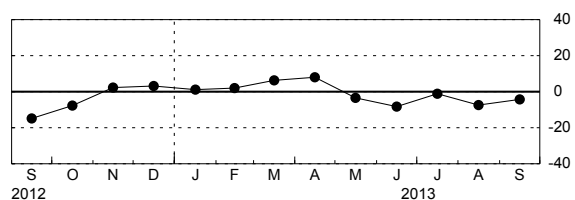
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	9.64	73.49	16.87	-7.23
Sep	11.83	72.04	16.13	-4.30

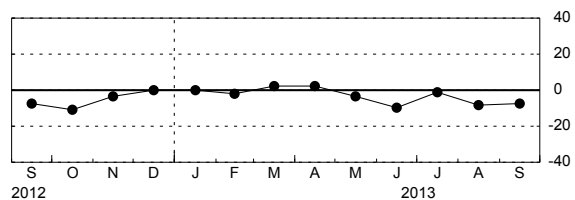
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	3.61	84.34	12.05	-8.43
Sep	5.38	81.72	12.90	-7.53

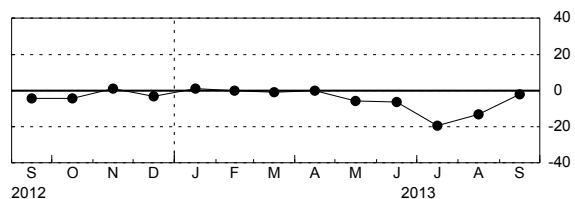
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	18.07	50.60	31.33	-13.25
Sep	22.58	52.69	24.73	-2.15

Inventories - Diffusion Index



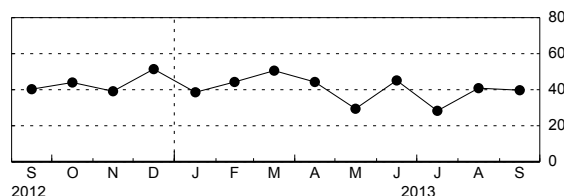
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	46.99	46.99	6.02	40.96
Sep	45.16	49.46	5.38	39.78

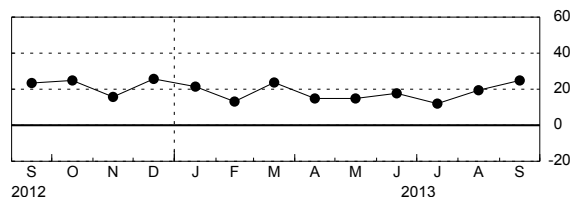
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	31.33	56.63	12.05	19.28
Sep	30.11	64.52	5.38	24.73

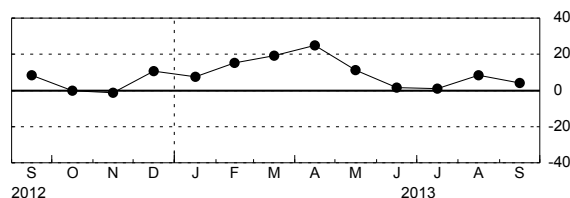
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	25.30	57.83	16.87	8.43
Sep	21.51	61.29	17.20	4.30

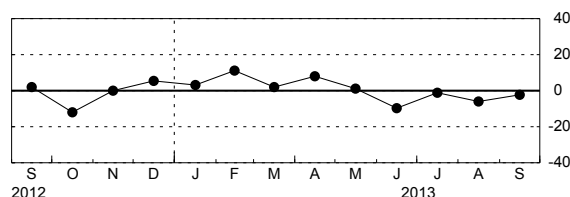
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	13.25	67.47	19.28	-6.02
Sep	11.83	74.19	13.98	-2.15

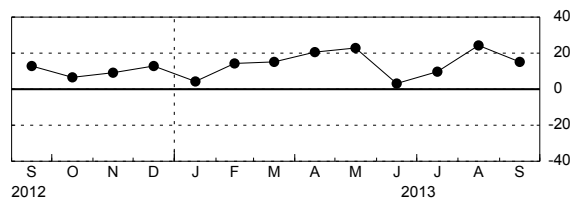
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	33.73	56.63	9.64	24.10
Sep	25.81	63.44	10.75	15.05

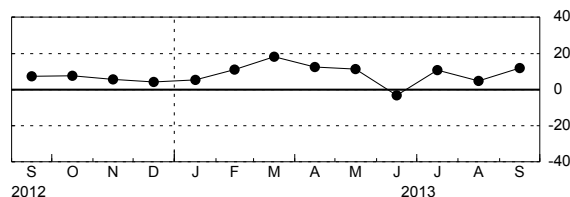
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	16.87	71.08	12.05	4.82
Sep	19.35	73.12	7.53	11.83

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.

Supplemental Report:

Firms Again Foresee Modest Increases in Selling Prices

In a series of supplementary questions to the September 2013 *Empire State Manufacturing Survey*, manufacturers were asked how much their overall selling prices had changed over the past year and how much they expected their prices to rise or fall in the future. In addition, they were asked to assess the probability that prices would rise or fall by certain specified amounts. Identical questions had been asked in September 2012 and earlier.

Respondents reported that their selling prices had risen 0.8 percent, on average, during the past twelve months—the same increase reported in last September’s parallel survey

(see table). Looking ahead to the next twelve months, the average respondent predicted a 1.5 percent rise in selling prices—also about the same as projected in last year’s survey. Three in five respondents said they planned to hike prices by at least 2 percent, compared with just half of the respondents in last year’s survey. However, none of the respondents in the latest survey reported plans to hike prices by more than 8 percent. Just 7 percent of manufacturers reported plans to lower prices, about the same proportion as in last year’s survey.

When asked a separate question about the probability of specified price changes over the next twelve

months, the average respondent reported a 44 percent chance that prices would remain within 2 percent of current levels and a 43 percent chance that they would rise by 2 percent or more, but just a 3 percent chance they would rise by at least 8 percent. The chance of a decline of 2 percent or more was pegged at 13 percent, on average—up from 8 percent in the 2012 survey but identical to the probability reported in September 2011. ■

Supplemental Report

QUESTION 1

By how much have your selling prices changed, on average, over the *past year*?

	September 2013	September 2012	September 2011	September 2010
Average percentage change	0.8	0.8	1.4	-0.1
Median percentage change	0.0	1.0	2.0	0.0

QUESTION 2

By how much do you expect your selling prices to change, on average, over the *next year*?

	September 2013	September 2012	September 2011	September 2010
Average percentage change	1.5	1.7	1.0	1.7
Median percentage change	2.0	2.0	2.0	1.0

QUESTION 3

What would you say is the percentage chance that, over the next six months, your selling prices will:

	Percentage Chance of Specified Price Change*			
	September 2013	September 2012	September 2011	September 2010
Decrease 8 percent or more	2.4	2.5	4.0	1.5
Decrease 2 to 8 percent	10.1	5.7	9.0	9.1
Stay within 2 percent of where they are now	44.1	45.4	43.7	45.7
Increase 2 to 8 percent	40.1	40.7	38.0	35.6
Increase 8 to 15 percent	3.0	4.1	4.6	4.9
Increase 15 percent or more	0.3	1.6	0.7	3.1

*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values shown for question 3 reflect the average indicated percentage chance across all respondents.