Empire State Manufacturing Survey

The March 2015 *Empire State Manufacturing Survey* indicates that business activity continued to expand at a modest pace for New York manufacturers. The headline general business conditions index, at 6.9, remained close to last month's level. The new orders index fell four points to -2.4, suggesting a small decline in orders, and the shipments index declined six points to 7.9. Labor market indicators pointed to a solid increase in employment levels and a lengthening in the average workweek. Pricing pressures remained subdued, with the prices paid index inching down two points to 12.4, and the prices received index at 8.3. As in February, indexes for the six-month outlook conveyed less optimism than in many of the preceding months, and the capital spending and technology spending indexes declined.

Business Conditions Continue to Improve Modestly

The general business conditions index was little changed at 6.9 in March, suggesting that conditions for New York manufacturers continued to improve modestly and at roughly the same pace as in the past several months. Twenty-six percent of respondents reported that conditions had improved, while 19 percent reported that conditions had worsened. The new orders index declined for a second consecutive month, falling four points to -2.4—evidence of a slight decline in orders. The shipments index fell six points to 7.9, and the unfilled orders index fell seven points to -13.4. The delivery time index dropped to -2.0, indicating slightly shorter delivery times, and the inventories index fell to -5.1, signaling that inventory levels were lower.

Solid Gains in Employment

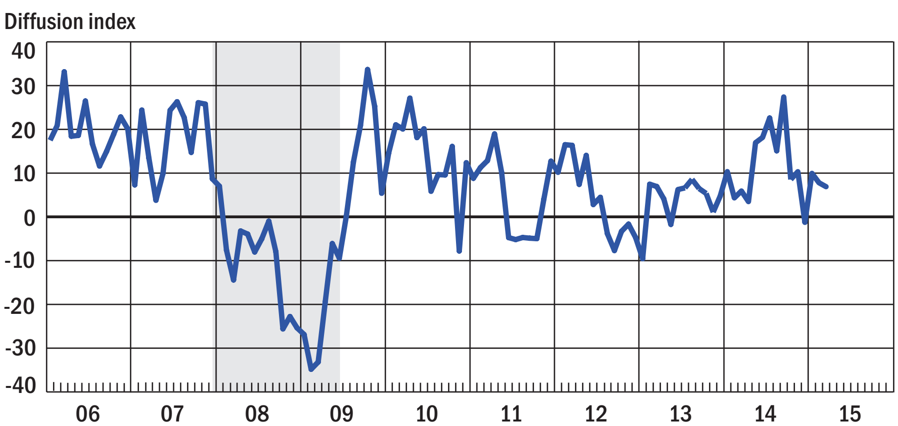
Pricing pressures remained subdued. The prices paid index edged down two points to 12.4, signaling a moderate increase in input prices for a sixth consecutive month. The prices received index climbed five points to 8.3, indicating a modest increase in selling prices. The index for number of employees climbed eight points to 18.6, pointing to significant gains in employment, and the average workweek rose six points to 5.2, indicating a small increase in the average workweek.

Firms Remain Less Optimistic Than in Previous Months

As in February, indexes assessing the six-month outlook, though generally positive, conveyed more restrained optimism about future business activity than they had throughout much of the past year. After plunging last month, the index for future general business conditions rose five points to 30.7, remaining well below readings that were generally above 40 from May 2014 through January 2015. The future new orders and shipments indexes declined. The future prices paid and future prices received indexes edged higher, but remained subdued. A significant expansion in employment levels was anticipated, with the index for expected number of employees rising to 28.9. After reaching a multiyear high last month, the capital expenditures index fell back to 18.6, and the technology spending index dropped to 7.2. ■

General Business Conditions

Seasonally Adjusted



Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

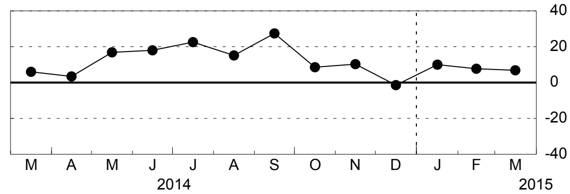
Current Indicators

Change from Preceding Month

General Business Conditions

	Higher	Same	Lower	Index
Feb	29.00	49.77	21.23	7.78
Mar	25.79	55.33	18.89	6.90

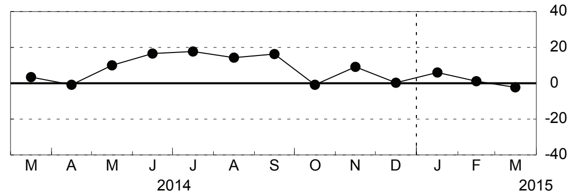
General Business Conditions - Diffusion Index



New Orders

	Higher	Same	Lower	Index
Feb	31.66	37.90	30.44	1.22
Mar	25.09	47.43	27.48	-2.39

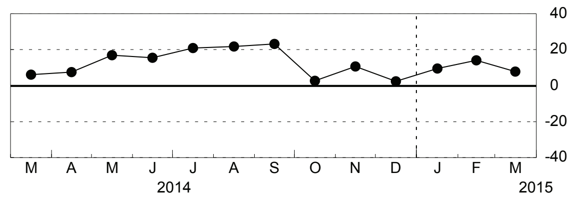
New Orders - Diffusion Index



Shipments

	Higher	Same	Lower	Index
Feb	32.62	48.89	18.50	14.12
Mar	30.69	46.55	22.76	7.93

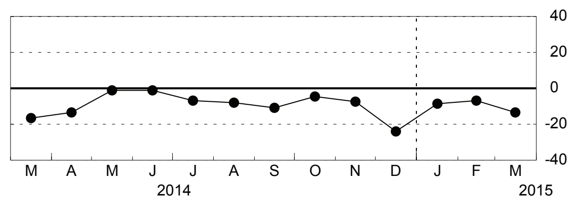
Shipments - Diffusion Index



Unfilled Orders

	Higher	Same	Lower	Index
Feb	13.48	66.29	20.22	-6.74
Mar	7.22	72.16	20.62	-13.40

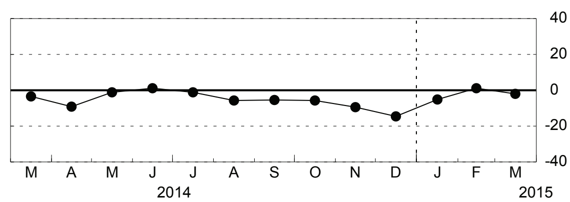
Unfilled Orders - Diffusion Index



Delivery Time

	Higher	Same	Lower	Index
Feb	12.36	76.40	11.24	1.12
Mar	8.25	81.44	10.31	-2.06

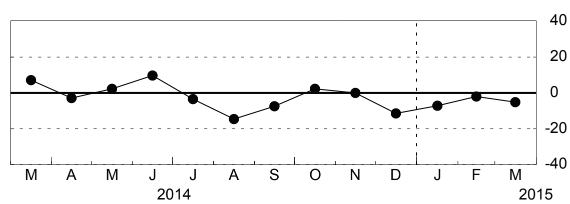
Delivery Time - Diffusion Index



Inventories

	Higher	Same	Lower	Index
Feb	20.22	57.30	22.47	-2.25
Mar	17.53	59.79	22.68	-5.15

Inventories - Diffusion Index



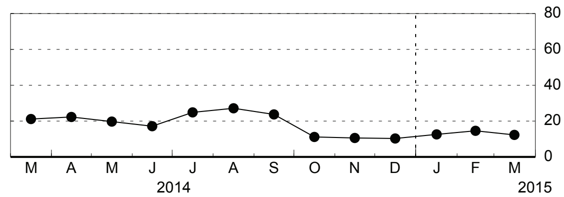
Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	Higher	Same	Lower	Index
Feb	22.47	69.66	7.87	14.61
Mar	19.59	73.20	7.22	12.37

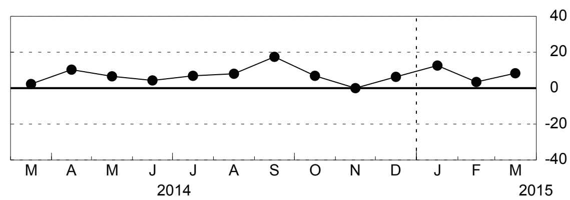
Prices Paid - Diffusion Index



Prices Received

	Higher	Same	Lower	Index
Feb	12.36	78.65	8.99	3.37
Mar	14.43	79.38	6.19	8.25

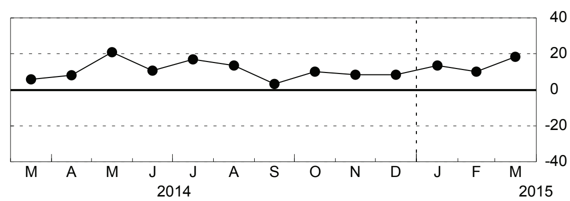
Prices Received - Diffusion Index



Number of Employees

	Higher	Same	Lower	Index
Feb	20.22	69.66	10.11	10.11
Mar	26.80	64.95	8.25	18.56

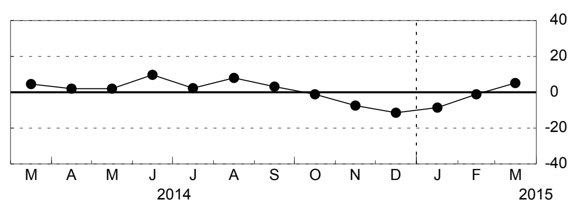
Number of Employees - Diffusion Index



Average Employee Workweek

	Higher	Same	Lower	Index
Feb	8.99	80.90	10.11	-1.12
Mar	12.37	80.41	7.22	5.15

Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

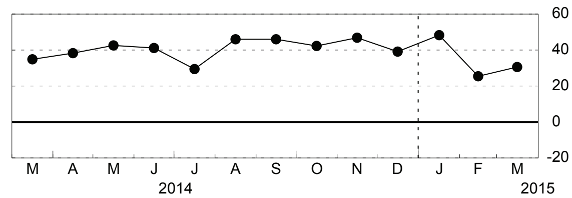
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	Higher	Same	Lower	Index
Feb	42.08	41.41	16.51	25.58
Mar	44.38	41.96	13.66	30.72

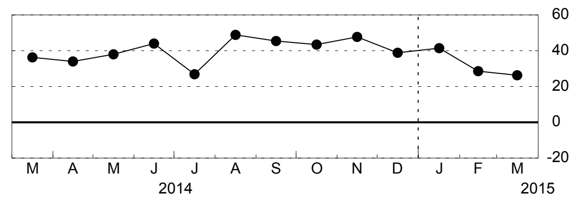
General Business Conditions - Diffusion Index



New Orders

	Higher	Same	Lower	Index
Feb	44.05	40.52	15.44	28.61
Mar	42.05	42.22	15.73	26.31

New Orders - Diffusion Index



Shipments

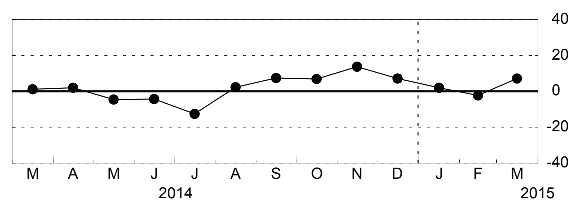
	Higher	Same	Lower	Index
Feb	42.09	46.16	11.75	30.34
Mar	45.05	38.62	16.33	28.71

Shipments - Diffusion Index

Unfilled Orders

	Higher	Same	Lower	Index
Feb	13.48	70.79	15.73	-2.25
Mar	17.53	72.16	10.31	7.22

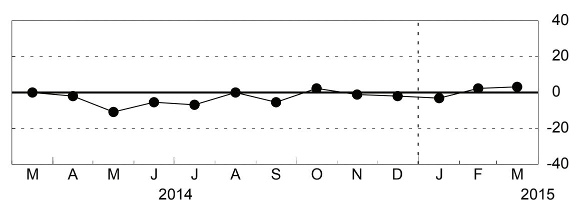
Unfilled Orders - Diffusion Index



Delivery Time

	Higher	Same	Lower	Index
Feb	12.36	77.53	10.11	2.25
Mar	14.43	74.23	11.34	3.09

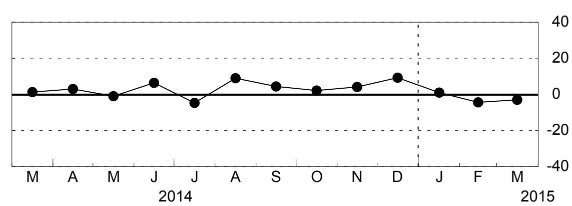
Delivery Time - Diffusion Index



Inventories

	Higher	Same	Lower	Index
Feb	20.22	55.06	24.72	-4.49
Mar	22.68	51.55	25.77	-3.09

Inventories - Diffusion Index



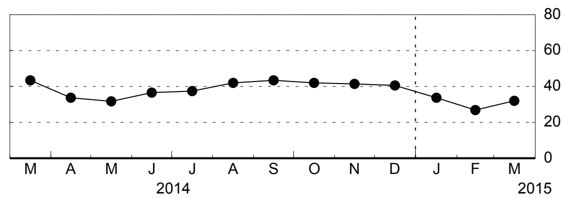
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	Higher	Same	Lower	Index
Feb	30.34	66.29	3.37	26.97
Mar	34.02	63.92	2.06	31.96

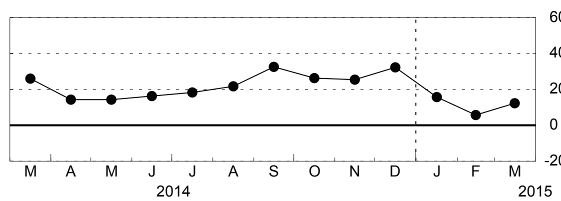
Prices Paid - Diffusion Index



Prices Received

	Higher	Same	Lower	Index
Feb	14.61	76.40	8.99	5.62
Mar	22.68	67.01	10.31	12.37

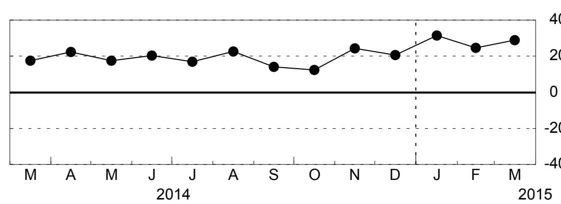
Prices Received - Diffusion Index



Number of Employees

	Higher	Same	Lower	Index
Feb	28.09	68.54	3.37	24.72
Mar	38.14	52.58	9.28	28.87

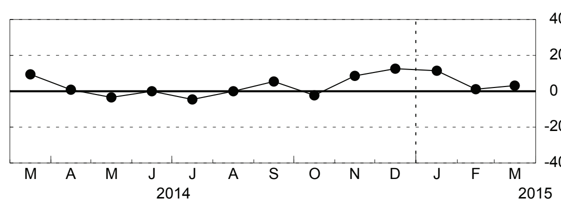
Number of Employees - Diffusion Index



Average Employee Workweek

	Higher	Same	Lower	Index
Feb	13.48	74.16	12.36	1.12
Mar	17.53	68.04	14.43	3.09

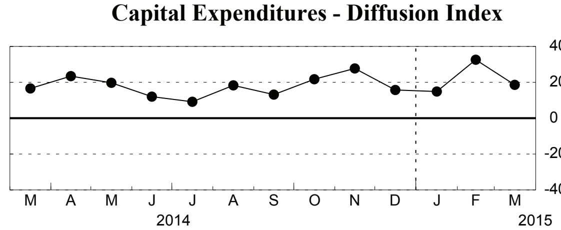
Average Employee Workweek - Diffusion Index



Capital Expenditures

	Higher	Same	Lower	Index
Feb	39.33	53.93	6.74	32.58
Mar	30.93	56.70	12.37	18.56

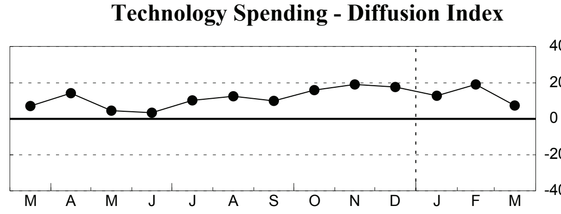
Capital Expenditures - Diffusion Index



Technology Spending

	Higher	Same	Lower	Index
Feb	25.84	67.42	6.74	19.10
Mar	17.53	72.16	10.31	7.22

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.