Empire State Manufacturing Survey

Business activity continued to grow at a fairly brisk pace in New York State, according to firms responding to the July 2018 *Empire State Manufacturing Survey*. The headline general business conditions index edged down by over two points to 22.6—still a high level, suggesting a continuation of robust growth. The new orders index dipped three points to 18.2, while the shipments index fell nine points to 14.6, pointing to a modest pullback in growth of orders and shipments. Delivery times continued to rise, and inventories fell marginally. Labor market indicators pointed to continued sturdy growth in employment and a modest increase in the workweek. The prices paid index slipped ten points to 42.7—still a fairly high level indicative of widespread ongoing input price pressures; the prices received index was little changed at 22.2, signaling continued moderate increases in selling prices. Looking ahead, firms were slightly less optimistic about the six-month outlook than they were last month.

Business Activity Continues to Expand

Manufacturing firms in New York State reported that business activity expanded at about the same brisk pace as in June. The general business conditions index, which had climbed to an eight-month high in June, edged back down just over two points to 22.6. Roughly 40 percent of respondents reported that conditions had improved over the month, while 17 percent indicated they had worsened. The new orders index dipped three points to 18.2, while the shipments index fell nine points to 14.6, suggesting only a modest deceleration in orders and shipments. Unfilled orders leveled off, and inventories edged down. Delivery times continued to lengthen, though by a narrower margin than in recent months.

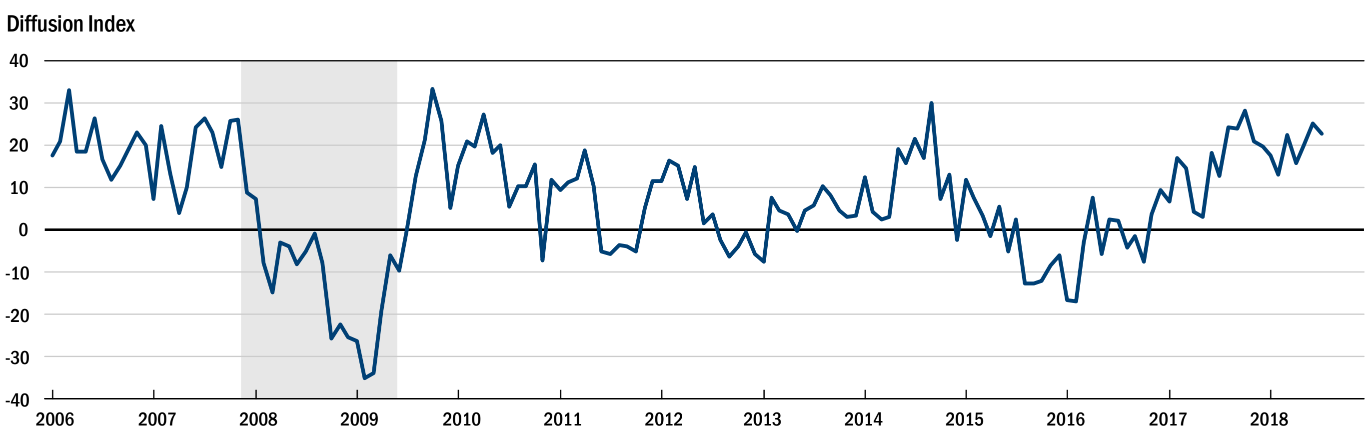
Hiring Continues at a Moderate Pace

The index for number of employees, which had climbed to its highest level of the year in June, edged back two points to 17.2, pointing to ongoing moderate growth in employment. The average workweek index fell six points to 5.6, suggesting more modest increases in hours worked than in recent months. Price increases remained widespread. The prices paid index retreated ten points from last month's measure, just below May's multiyear high, but remained elevated at 42.7. The prices received index was little changed at 22.2, signaling ongoing moderate rises in selling prices.

Firms Slightly Less Optimistic

Optimism about the six-month outlook slipped this month. The index for future business conditions fell eight points to 31.1, essentially reversing last month's gain. Manufacturers continue to expect fairly swift increases in employment in the months ahead, and the indexes for future prices remained elevated. The index for planned capital expenditures fell ten points to 17.1, and the technology spending index slipped eight points to 9.4; both are at their lowest levels in roughly a year. ■

General Business Conditions
Seasonally Adjusted

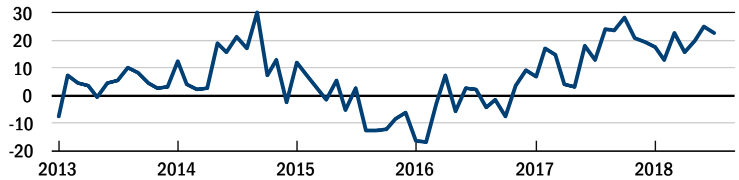


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

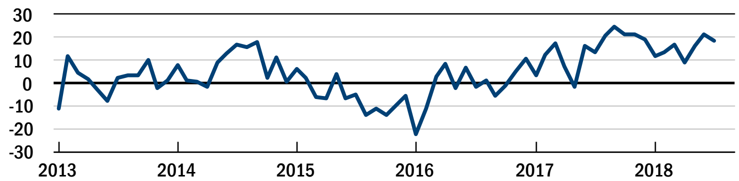
Change from Preceding Month

General Business Conditions



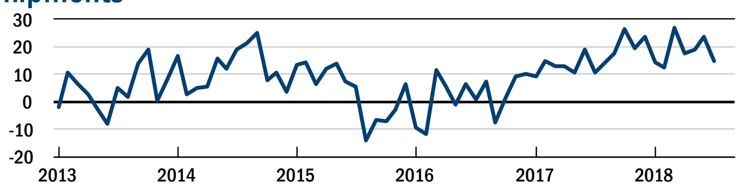
	Percent Reporting		
	Higher	Lower	Index
Jun	37.7	12.7	25.0
Jul	39.6	17.0	22.6
Change			-2.4

New Orders



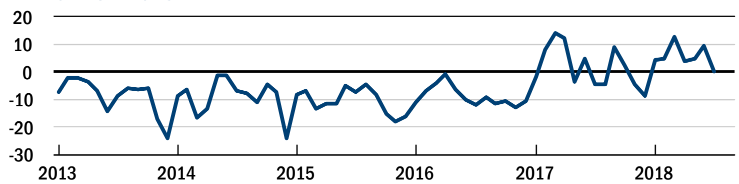
	Percent Reporting		
	Higher	Lower	Index
Jun	38.3	17.0	21.3
Jul	39.1	20.8	18.2
Change			-3.1

Shipments



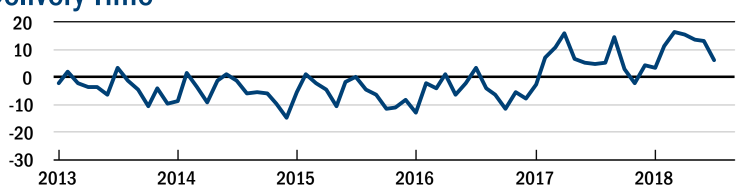
	Percent Reporting		
	Higher	Lower	Index
Jun	39.6	16.1	23.5
Jul	37.6	23.0	14.6
Change			-8.9

Unfilled Orders



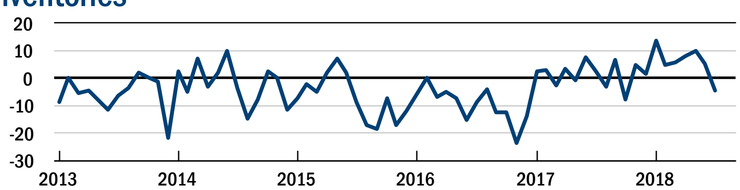
	Percent Reporting		
	Higher	Lower	Index
Jun	22.5	13.2	9.3
Jul	17.1	17.1	0.0
Change			-9.3

Delivery Time



	Percent Reporting		
	Higher	Lower	Index
Jun	24.0	10.9	13.2
Jul	17.9	12.0	6.0
Change			-7.2

Inventories

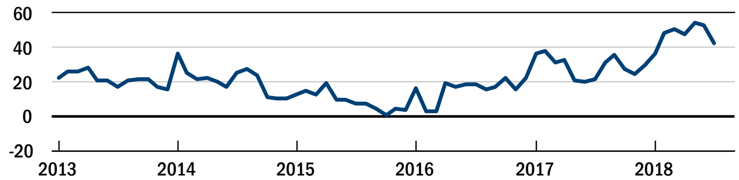


	Percent Reporting		
	Higher	Lower	Index
Jun	22.5	17.1	5.4
Jul	14.5	18.8	-4.3
Change			-9.7

Current Indicators, *continued*

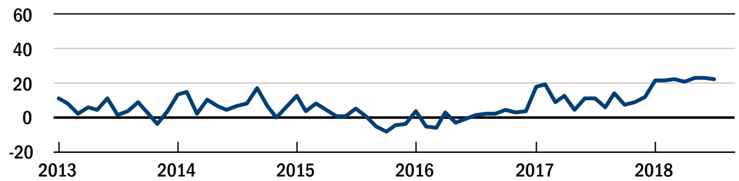
Change from Preceding Month

Prices Paid



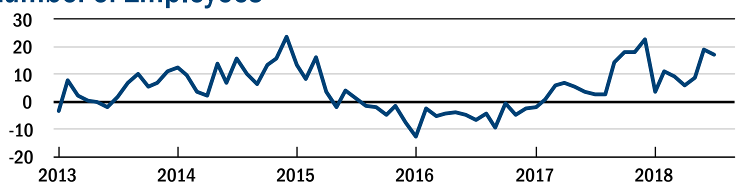
	Percent Reporting Higher	Percent Reporting Lower	Index
Jun	54.3	1.6	52.7
Jul	44.4	1.7	42.7
Change			-10.0

Prices Received



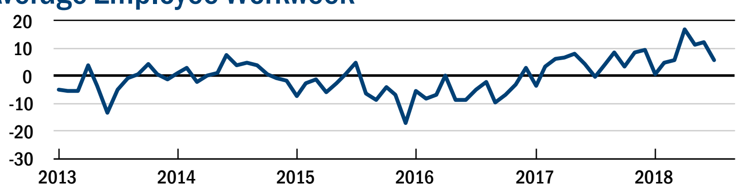
	Percent Reporting Higher	Percent Reporting Lower	Index
Jun	26.4	3.1	23.3
Jul	27.4	5.1	22.2
Change			-1.1

Number of Employees



	Percent Reporting Higher	Percent Reporting Lower	Index
Jun	24.1	5.2	19.0
Jul	24.3	7.1	17.2
Change			-1.8

Average Employee Workweek



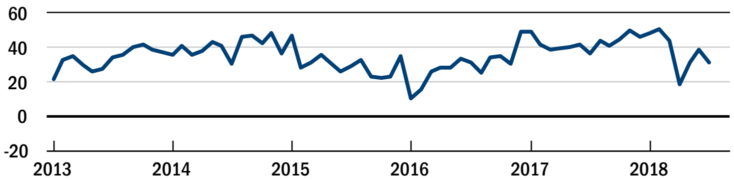
	Percent Reporting Higher	Percent Reporting Lower	Index
Jun	22.0	10.0	12.0
Jul	14.8	9.2	5.6
Change			-6.4

Note: Data are seasonally adjusted.

Forward-Looking Indicators

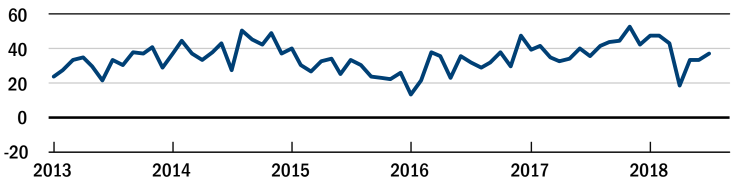
Expectations Six Months Ahead

General Business Conditions



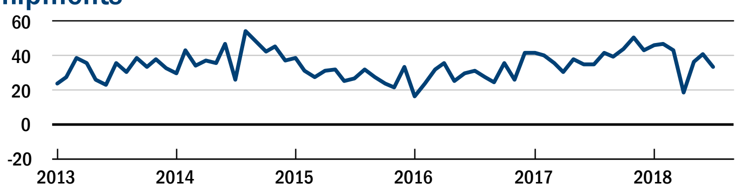
	Percent Reporting		
	Higher	Lower	Index
Jun	50.2	11.4	38.9
Jul	43.5	12.3	31.1
Change			-7.8

New Orders



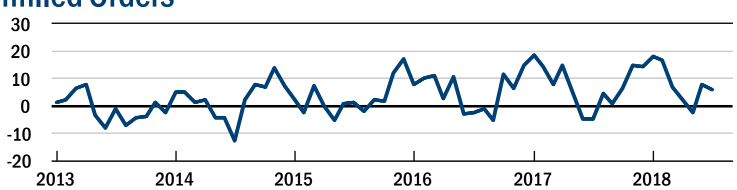
	Percent Reporting		
	Higher	Lower	Index
Jun	47.7	14.3	33.4
Jul	49.9	12.7	37.2
Change			3.8

Shipments



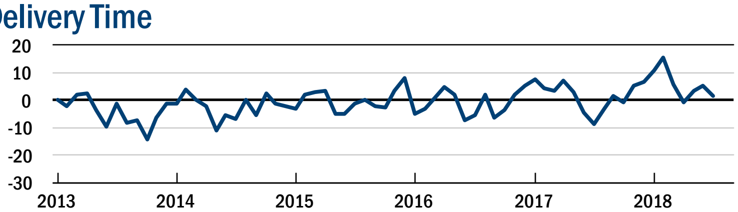
	Percent Reporting		
	Higher	Lower	Index
Jun	53.4	12.8	40.7
Jul	46.2	12.7	33.5
Change			-7.2

Unfilled Orders



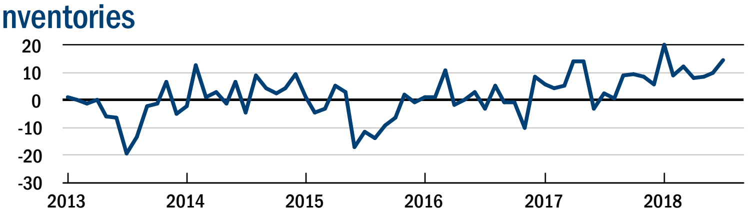
	Percent Reporting		
	Higher	Lower	Index
Jun	17.8	10.1	7.8
Jul	17.1	11.1	6.0
Change			-1.8

Delivery Time



	Percent Reporting		
	Higher	Lower	Index
Jun	17.8	12.4	5.4
Jul	14.5	12.8	1.7
Change			-3.7

Inventories

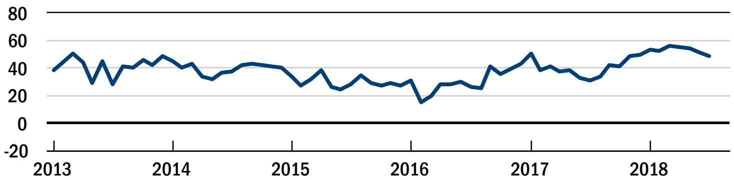


	Percent Reporting		
	Higher	Lower	Index
Jun	24.8	14.7	10.1
Jul	28.2	13.7	14.5
Change			4.4

Forward-Looking Indicators, *continued*

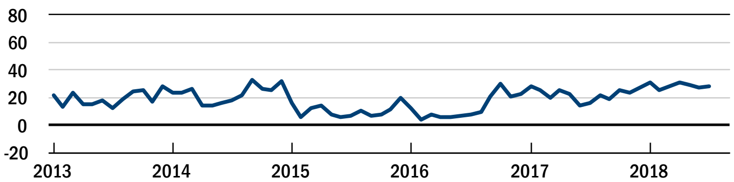
Expectations Six Months Ahead

Prices Paid



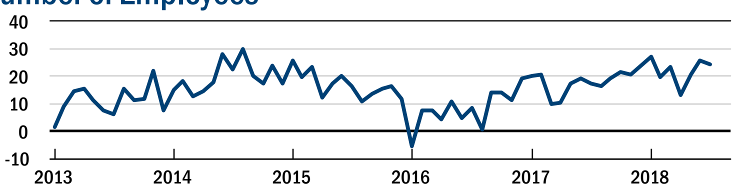
	Percent Reporting		
	Higher	Lower	Index
Jun	54.3	3.1	51.2
Jul	51.3	2.6	48.7
Change			-2.5

Prices Received



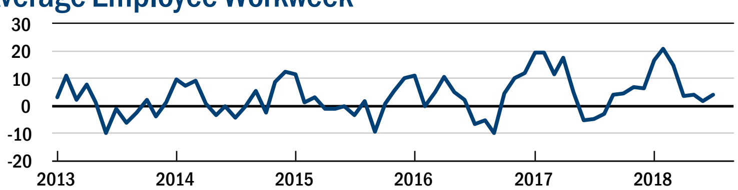
	Percent Reporting		
	Higher	Lower	Index
Jun	33.3	6.2	27.1
Jul	33.3	5.1	28.2
Change			1.1

Number of Employees



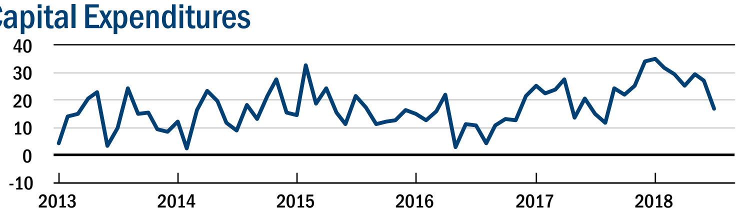
	Percent Reporting		
	Higher	Lower	Index
Jun	36.2	10.2	25.9
Jul	30.2	6.0	24.2
Change			-1.7

Average Employee Workweek



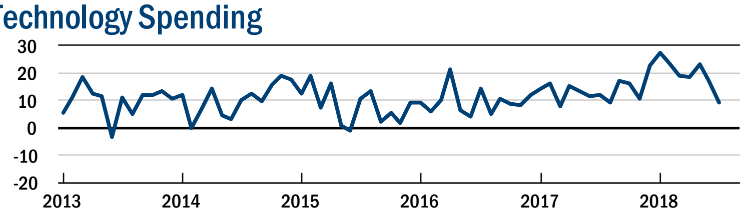
	Percent Reporting		
	Higher	Lower	Index
Jun	16.3	14.7	1.6
Jul	15.4	11.1	4.3
Change			2.7

Capital Expenditures



	Percent Reporting		
	Higher	Lower	Index
Jun	33.3	6.2	27.1
Jul	29.9	12.8	17.1
Change			-10.0

Technology Spending



	Percent Reporting		
	Higher	Lower	Index
Jun	21.7	4.7	17.1
Jul	17.9	8.5	9.4
Change			-7.7

Note: Data are seasonally adjusted.