

Empire State Manufacturing Survey

Business activity grew at a slower pace than in recent months in New York State, according to firms responding to the December 2018 *Empire State Manufacturing Survey*. The headline general business conditions index fell twelve points to 10.9. New orders increased modestly, while shipments continued to climb significantly. Delivery times lengthened slightly, and inventories moved higher. The employment index rose twelve points to 26.1, indicating that employment grew strongly, and hours worked increased modestly. The prices paid index, while still elevated, moved down five points, and the prices received index held steady. Looking ahead, firms remained fairly optimistic about the six-month outlook, though optimism was slightly more tempered than in November.

Growth Slows

Manufacturing firms in New York State reported that business activity

continued to expand, though growth was noticeably slower than in recent months. The general business conditions index fell twelve points to 10.9. The share of respondents reporting that conditions had improved over the month dropped to 30 percent, an 11 percentage point decline from November, while 19 percent of respondents reported that conditions had worsened. The new orders index slipped six points to 14.5, and the shipments index fell seven points to 21.0. Unfilled orders were somewhat lower, inventories climbed modestly, and delivery times were slightly longer.

Employment Index Jumps

The index for number of employees jumped twelve points to 26.1, indicating very strong growth in employment levels, while the average workweek index was little changed at 8.0. The prices paid index

remained elevated but dipped five points to 39.7, indicating a slight deceleration in input price increases. The prices received index was little changed at 12.8.

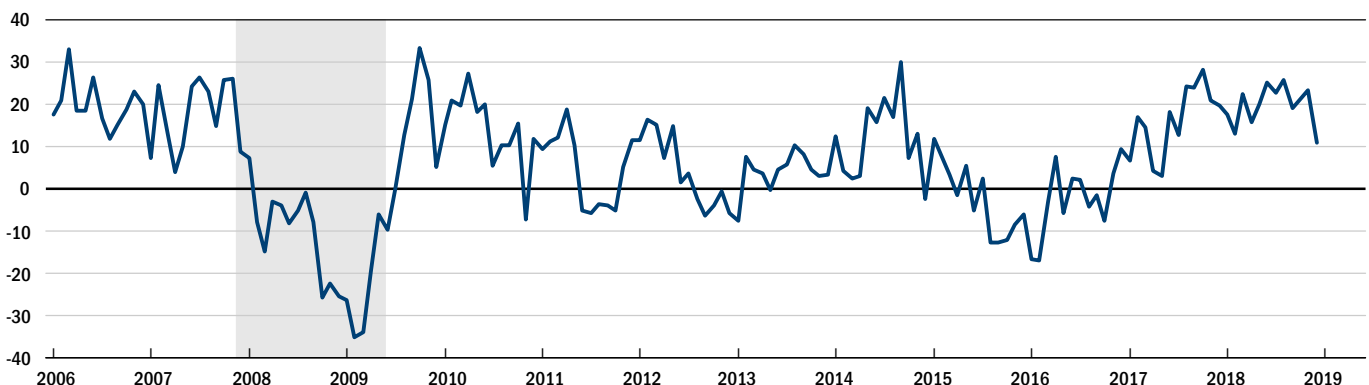
Firms Remain Fairly Optimistic

Firms were slightly less optimistic about the six-month outlook than they were last month. The index for future business conditions fell three points to 30.6. The indexes for future new orders and shipments were also slightly lower, while the indexes for future employment and hours worked were slightly higher. The indexes for future prices paid and future prices received edged lower. The capital expenditures index moved up for a second consecutive month, reaching its highest level in several months, and the technology spending index increased to 26.1. ■

General Business Conditions

Seasonally Adjusted

Diffusion Index

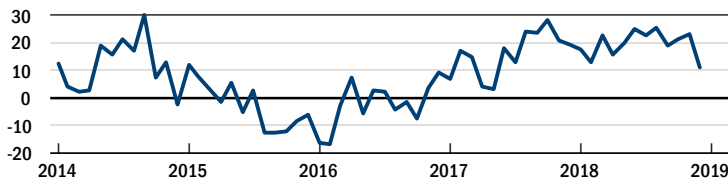


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

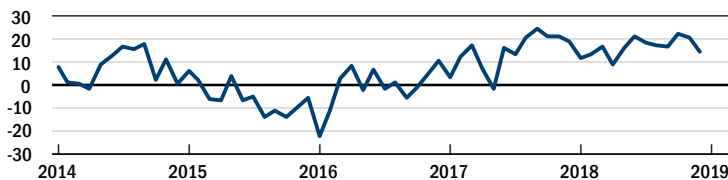
Change from Preceding Month

General Business Conditions



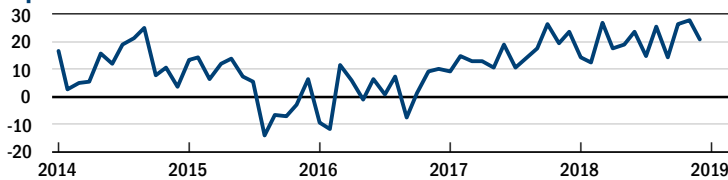
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 40.9 | 17.7 | 23.3 |
| Dec | 29.8 | 18.9 | 10.9 |
| Change | | | -12.4 |

New Orders



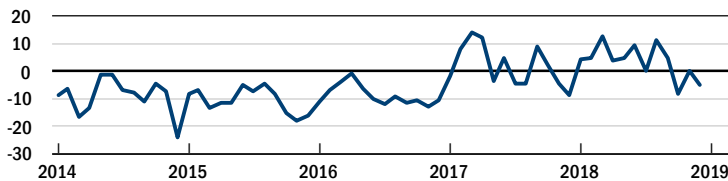
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 40.5 | 20.1 | 20.4 |
| Dec | 36.5 | 22.0 | 14.5 |
| Change | | | -5.9 |

Shipments



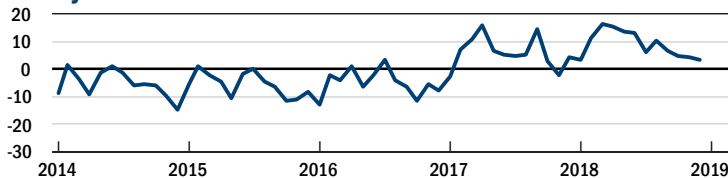
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 45.5 | 17.5 | 28.0 |
| Dec | 37.6 | 16.6 | 21.0 |
| Change | | | -7.0 |

Unfilled Orders



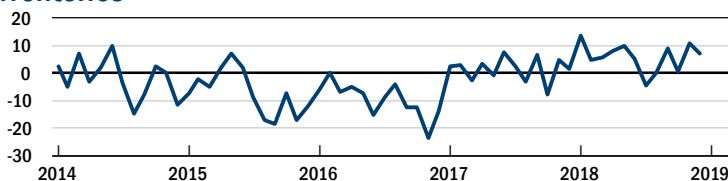
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 16.1 | 16.1 | 0.0 |
| Dec | 14.0 | 19.1 | -5.1 |
| Change | | | -5.1 |

Delivery Time



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 16.8 | 12.4 | 4.4 |
| Dec | 16.7 | 13.5 | 3.2 |
| Change | | | -1.2 |

Inventories

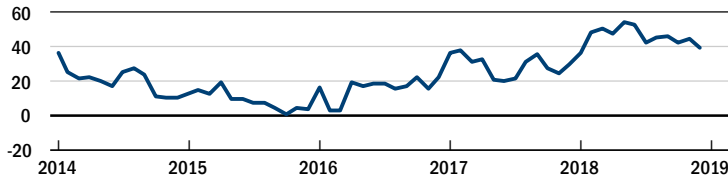


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 31.4 | 20.4 | 10.9 |
| Dec | 30.1 | 23.1 | 7.1 |
| Change | | | -3.8 |

Current Indicators, *continued*

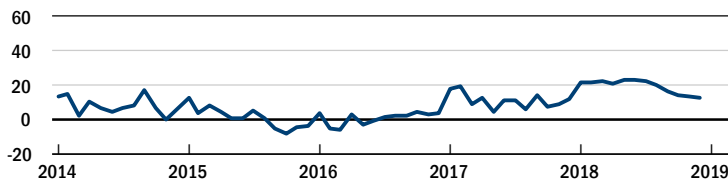
Change from Preceding Month

Prices Paid



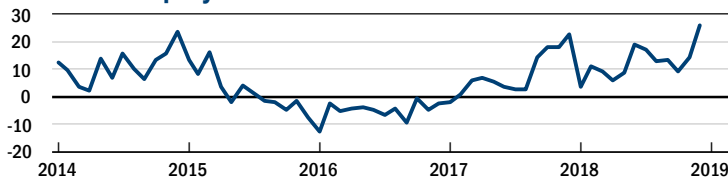
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 48.2 | 3.6 | 44.5 |
| Dec | 41.0 | 1.3 | 39.7 |
| Change | | | -4.8 |

Prices Received



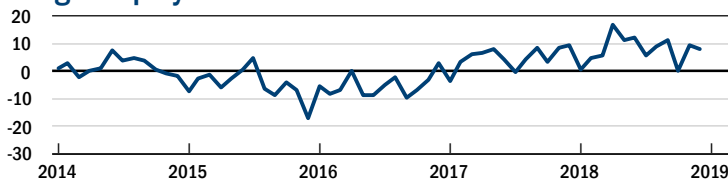
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 21.9 | 8.8 | 13.1 |
| Dec | 17.3 | 4.5 | 12.8 |
| Change | | | -0.3 |

Number of Employees



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 24.5 | 10.4 | 14.1 |
| Dec | 35.0 | 8.9 | 26.1 |
| Change | | | 12.0 |

Average Employee Workweek



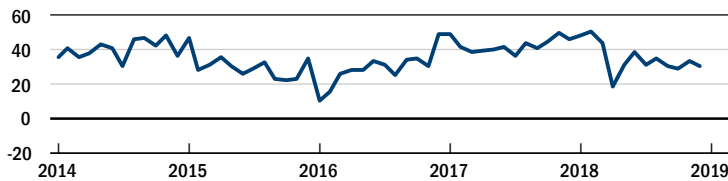
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 18.6 | 9.4 | 9.2 |
| Dec | 18.1 | 10.1 | 8.0 |
| Change | | | -1.2 |

Note: Data are seasonally adjusted.

Forward-Looking Indicators

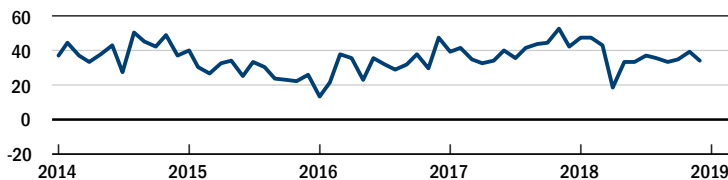
Expectations Six Months Ahead

General Business Conditions



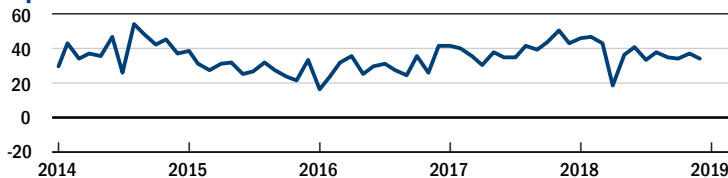
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 45.8 | 12.2 | 33.6 |
| Dec | 45.6 | 15.0 | 30.6 |
| Change | | | -3.0 |

New Orders



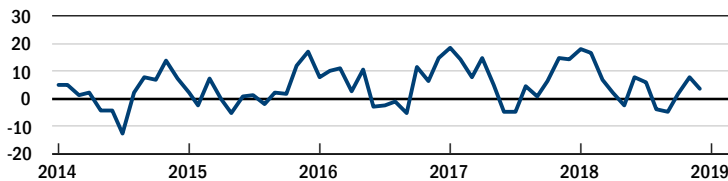
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 49.5 | 9.8 | 39.7 |
| Dec | 48.9 | 14.7 | 34.2 |
| Change | | | -5.5 |

Shipments



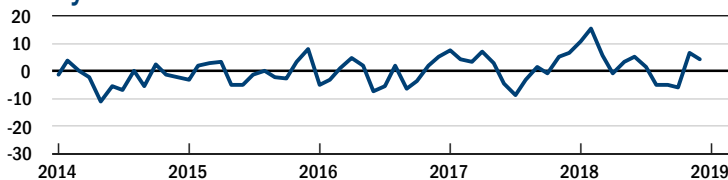
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 46.0 | 8.8 | 37.2 |
| Dec | 46.6 | 12.3 | 34.3 |
| Change | | | -2.9 |

Unfilled Orders



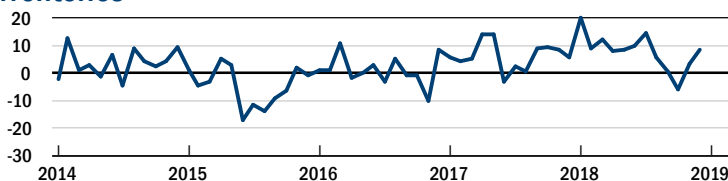
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 19.0 | 10.9 | 8.0 |
| Dec | 19.1 | 15.3 | 3.8 |
| Change | | | -4.2 |

Delivery Time



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 16.1 | 9.5 | 6.6 |
| Dec | 16.0 | 11.5 | 4.5 |
| Change | | | -2.1 |

Inventories

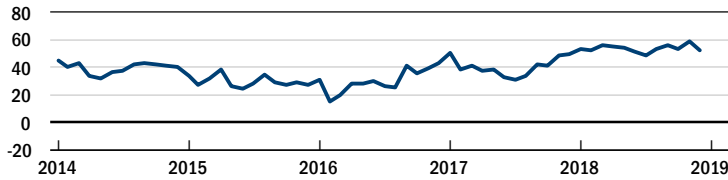


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 26.3 | 22.6 | 3.6 |
| Dec | 30.1 | 21.8 | 8.3 |
| Change | | | 4.7 |

Forward-Looking Indicators, *continued*

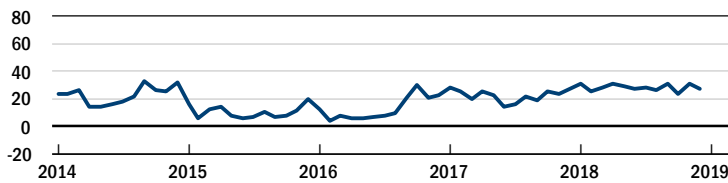
Expectations Six Months Ahead

Prices Paid



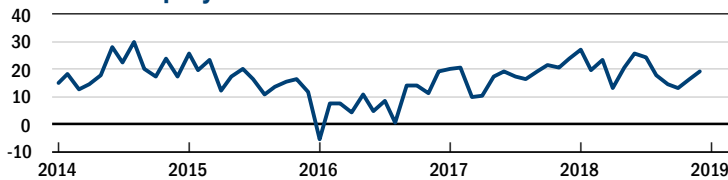
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 62.8 | 3.6 | 59.1 |
| Dec | 55.1 | 3.2 | 51.9 |
| Change | | | -7.2 |

Prices Received



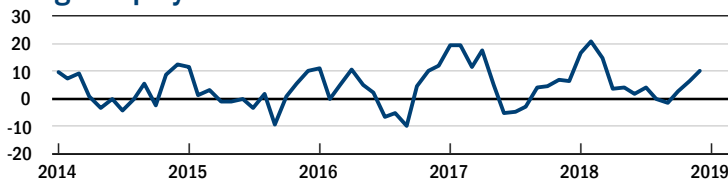
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 38.7 | 7.3 | 31.4 |
| Dec | 34.6 | 7.1 | 27.6 |
| Change | | | -3.8 |

Number of Employees



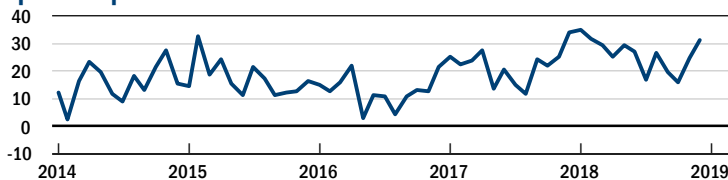
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 24.9 | 8.3 | 16.6 |
| Dec | 29.8 | 10.4 | 19.4 |
| Change | | | 2.8 |

Average Employee Workweek



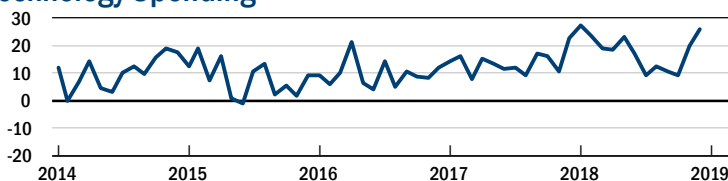
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 14.6 | 8.0 | 6.6 |
| Dec | 19.7 | 9.6 | 10.2 |
| Change | | | 3.6 |

Capital Expenditures



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 33.6 | 8.8 | 24.8 |
| Dec | 39.5 | 8.3 | 31.2 |
| Change | | | 6.4 |

Technology Spending



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 26.3 | 6.6 | 19.7 |
| Dec | 30.6 | 4.5 | 26.1 |
| Change | | | 6.4 |

Note: Data are seasonally adjusted.