

December 2002

Empire State Manufacturing

Survey

Summary

December's *Empire State Manufacturing Survey* indicates continuing improvement in New York's manufacturing sector. The general business conditions index was positive for a second consecutive month, rising slightly from 9.7 in November to 10.6. Both the new orders and shipments indexes rose significantly; the new orders index reached its highest level of the year. Respondents reported continuing price pressures, however, and the employment indexes presented a mixed picture. Although the average workweek index rose to its highest level in many months, the number of employees index was negative and below the level of the last several months.

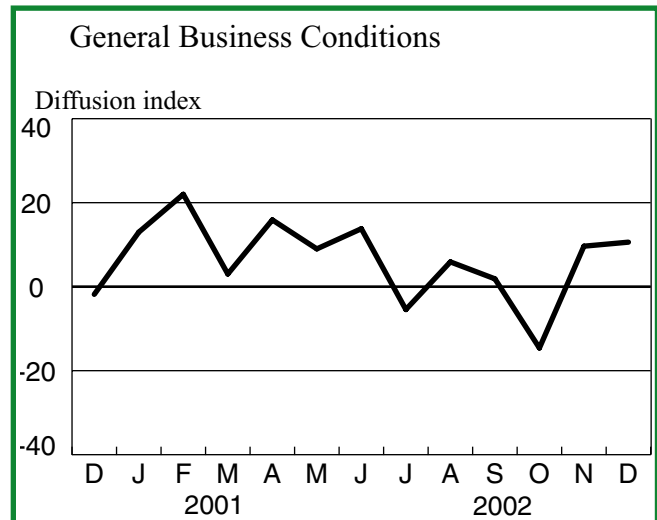
The indexes assessing conditions six months ahead show that respondents remain optimistic: the general activity, new orders, and shipments indexes were positive, although below November levels. Future employment indexes and the capital expenditures index were also positive.

A Second Month of Improvement

The general business conditions index reached 10.6 in December, edging ahead of its November level of 9.7. Thirty-two percent of respondents—the largest share since June—reported better conditions in December. However, 22 percent of respondents—more than in November—indicated that conditions had deteriorated. The new orders index jumped from 9.8 to 21.9, the highest reading in well over a year, with 43 percent reporting more orders. A marked increase was also seen in the shipments index, which rose from 9.2 to 18.6. For the first time since September 2001, the unfilled orders index turned positive, reaching 5.6. The delivery times index remained negative at -5.2. The inventories index was also negative, differing little from last month's level at -12.3.

Unfavorable pricing pressures for manufacturers persisted: the prices paid index was 7.8 and the prices received index -12.0. The vast majority of respondents saw no change in either prices paid or prices received, while 18 percent reported higher prices paid and 16 percent said they received lower prices.

Employment indexes were mixed. The number of employees index remained negative, and fell from -1.7 last month to -6.3, as those reporting lower employment increased from 19 to 23 percent. However, a significant rise was seen in the average employee workweek index, which climbed from -2.4 to 9.8, its highest level in several months, with 21 percent reporting a longer workweek in December.



More Improvement Expected in the Future

Respondents continue to anticipate better conditions. General business conditions were expected to improve in six months by 54 percent of respondents; that index remained strongly positive at 43.6, although at its lowest level of the year. The six-month expectations indexes for new orders and shipments also remained positive, although they dropped from last month. The future inventories index fell to -9.7.

Those surveyed indicated that they did not expect pricing pressures to lessen. The future index for prices paid was 5.4 and for prices received -10.0. Future employment indexes remained positive. The capital expenditures index was also positive, but fell slightly from last month's level to 12.7.

Note:

Diffusion indexes are calculated for each indicator by subtracting the percent of respondents reporting the indicator lower from the previous month from those reporting the indicator higher. Thus positive values signify that more respondents report the indicator higher from the previous month than lower. Data are seasonally adjusted to control for seasonal variations.

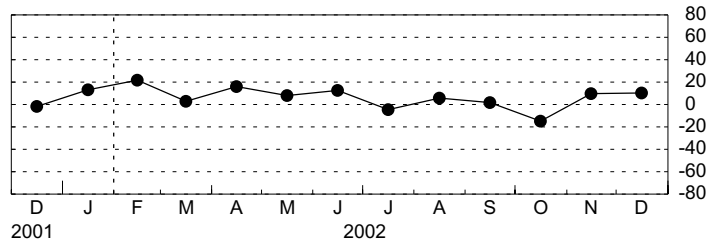
Empire State Manufacturing Survey, December 2002

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	27.30	52.40	17.60	9.70
Dec	32.20	44.60	21.60	10.60

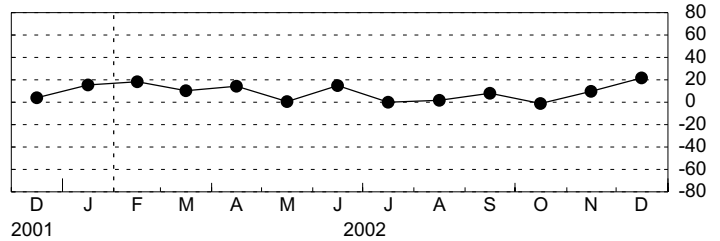
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	34.70	41.40	24.90	9.80
Dec	42.70	31.40	20.80	21.90

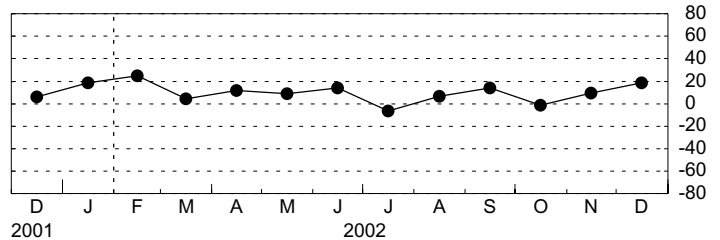
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	33.80	39.40	24.60	9.20
Dec	39.00	41.60	20.40	18.60

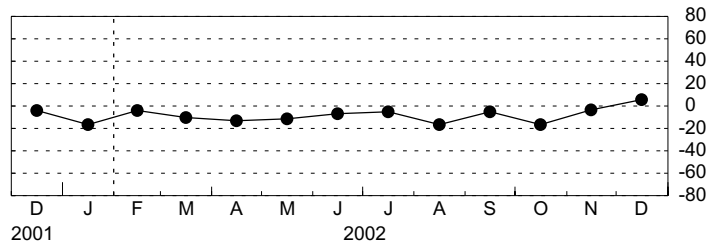
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	16.50	62.30	19.50	-3.00
Dec	17.00	70.60	11.40	5.60

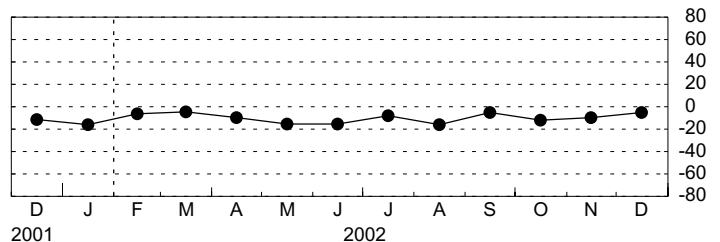
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	9.30	73.80	19.20	-9.90
Dec	7.00	79.40	12.20	-5.20

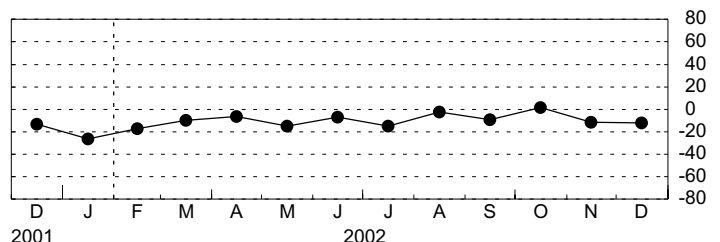
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	18.60	52.70	30.30	-11.70
Dec	13.90	59.30	26.20	-12.30

Inventories - Diffusion Index

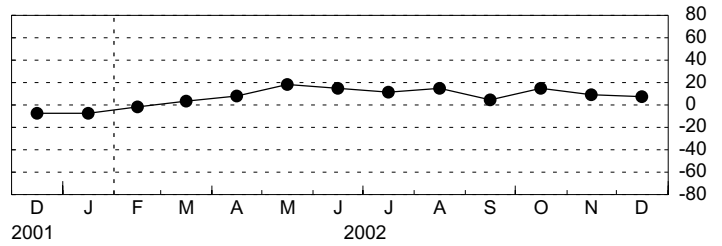


Empire State Manufacturing Survey, December 2002 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	15.30	79.30	5.80	9.50
Dec	17.50	71.80	9.70	7.80

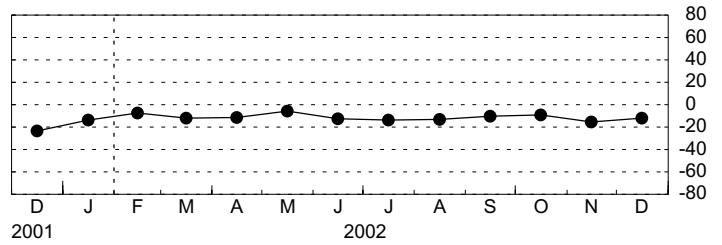
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	5.40	74.10	20.60	-15.20
Dec	4.00	79.30	16.00	-12.00

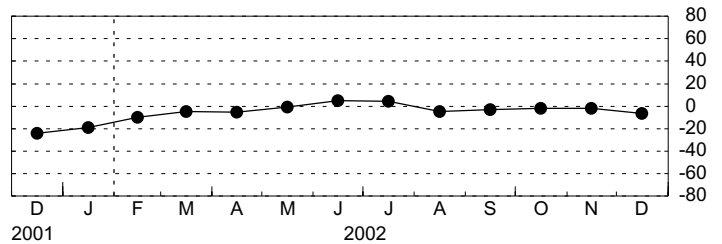
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	17.30	64.10	19.00	-1.70
Dec	16.90	59.80	23.20	-6.30

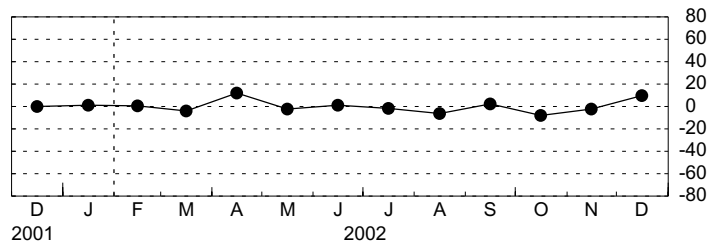
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	14.00	70.60	16.40	-2.40
Dec	21.00	66.40	11.20	9.80

Average Employee Workweek - Diffusion Index



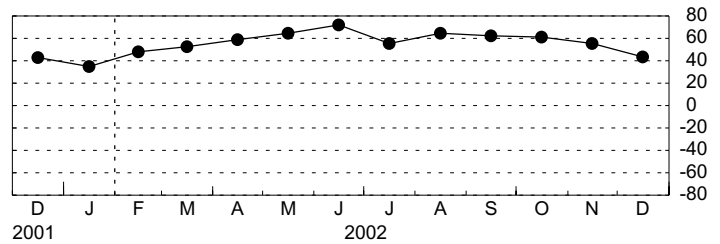
Empire State Manufacturing Survey, December 2002, Expectations Six Months Ahead

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	61.30	29.00	5.70	55.60
Dec	54.30	37.80	10.70	43.60

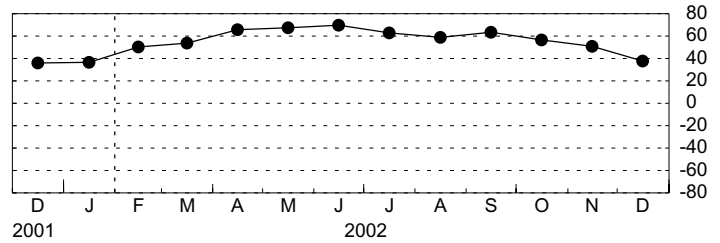
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	58.60	31.90	7.60	51.00
Dec	50.20	35.20	12.80	37.40

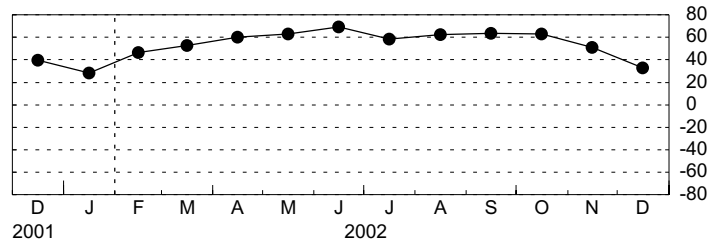
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	57.10	35.80	6.10	51.00
Dec	48.00	36.20	15.30	32.70

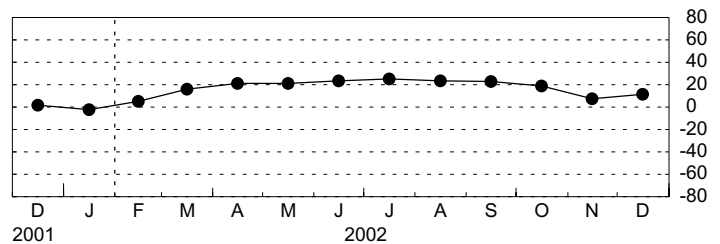
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	20.60	67.60	12.90	7.70
Dec	19.90	70.70	8.60	11.30

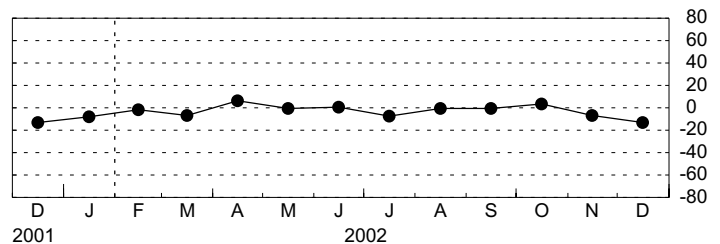
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	10.80	70.30	17.90	-7.10
Dec	2.60	81.60	15.80	-13.20

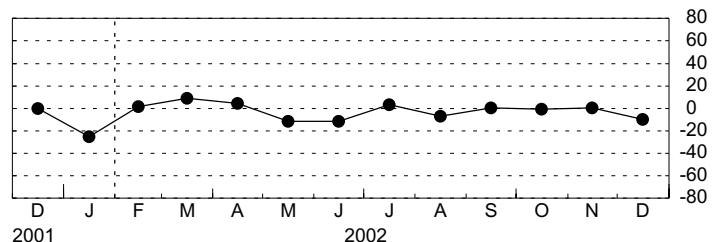
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	24.30	50.40	24.00	0.30
Dec	20.60	49.70	30.30	-9.70

Inventories - Diffusion Index



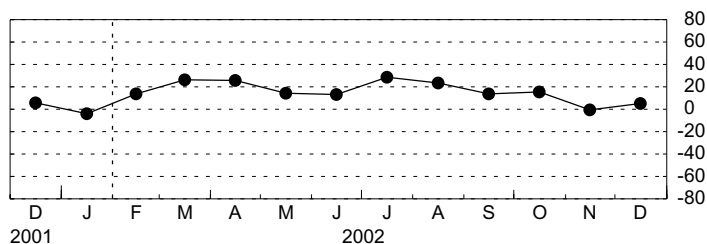
Empire State Manufacturing Survey, December 2002, Expectations Six Months Ahead

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	10.10	78.30	10.40	-0.30
Dec	21.80	62.50	16.40	5.40

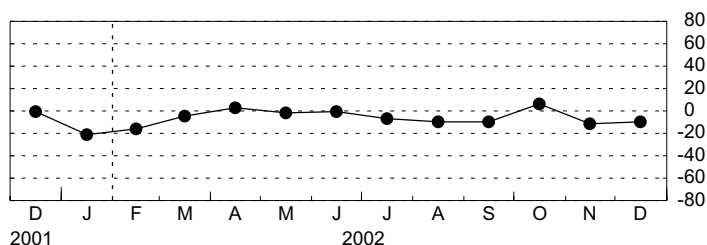
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	6.30	77.30	17.60	-11.30
Dec	11.80	65.10	21.80	-10.00

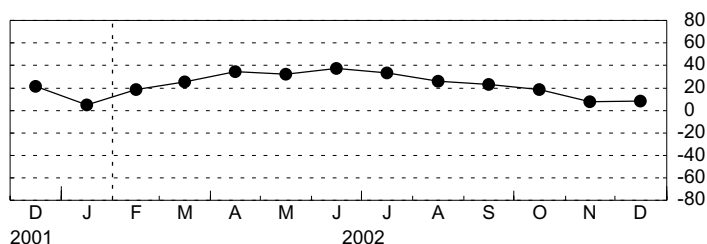
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	28.30	50.60	20.60	7.70
Dec	28.90	51.70	20.60	8.30

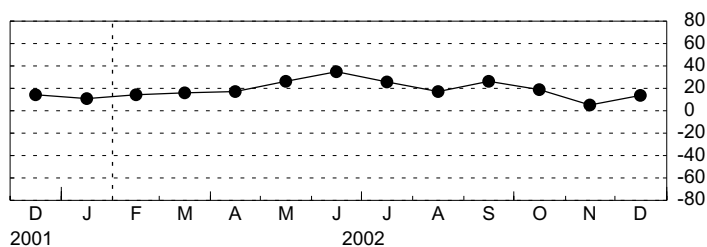
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	20.10	63.90	14.60	5.50
Dec	25.30	61.50	11.30	14.00

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	34.20	51.80	14.50	19.70
Dec	30.70	52.40	18.00	12.70

Capital Expenditures - Diffusion Index

