

# Supplemental Survey Report

## Service Firms Report Higher Borrowing Costs, Anticipate Greater Borrowing Needs

Supplementary questions in the July 2014 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on recent and expected changes in firms' borrowing needs and credit availability. Parallel questions had been asked in October 2013 and in earlier surveys.

As in earlier surveys, a majority of respondents in both surveys reported no change in borrowing needs—both over the past year and over the past three months. Looking back over the past twelve months, more service-sector respondents reported rising than declining borrowing needs, by a margin of 24 percent to 15 percent; similarly, when asked about changes over the past three months, 22 percent reported that borrowing needs had increased, while just 10 percent said that they had declined. Among manufacturers, however, responses were more evenly balanced over both time horizons. These findings contrast with survey results from last October, when manufacturers were considerably more predisposed to reporting increased borrowing needs

than were service firms. Looking ahead to the next twelve months, 29 percent of service firms said they expected borrowing needs to rise, while just 10 percent foresaw lower borrowing needs. Again, responses were much more evenly balanced among manufacturers: 21 percent expected borrowing needs to rise, while 19 percent expected them to decline.

Queried about changes in credit availability, the vast majority of respondents in both surveys reported no change—both over the past three months and over the past twelve months. Slightly more service respondents said that credit availability had eased than tightened over the past three months, but otherwise the share of respondents reporting tighter credit roughly matched the share reporting easier credit. Looking ahead to expected changes in credit availability over the next year, respondents in both surveys indicated that they anticipated little change, on balance. In last October's survey, somewhat more respondents

in both surveys had expected credit conditions to tighten than to ease. Banks' requirements for firms seeking to access business loans and/or credit lines have not changed noticeably over the past three months, according to both manufacturing and service-sector respondents.

As in last year's survey, service firms reported increased borrowing costs, on net, over the past three months: of these firms, 33 percent noted increasing costs, while just 9 percent noted declining costs. Among manufacturers, the vast majority of respondents (81 percent) reported no change in borrowing costs; 13 percent saw rising costs, while 6 percent said that such costs had declined. Finally, 75 percent of service firms and nearly 90 percent of manufacturers reported no change in limits (ceilings) on existing lines of credit over the past three months; of those indicating some change, more said that credit limits had risen (become more generous) than fallen. ■

## Supplemental Survey Report, continued

### QUESTION 1

How do your current borrowing needs compare with those three months ago? twelve months ago? How do you expect them to change over the next twelve months?

	July 2014 Survey			October 2013 Survey		
	Percentage of Firms Responding ...			Percentage of Firms Responding ...		
	Lower Now	Same	Higher Now	Lower Now	Same	Higher Now
<b>Empire State Manufacturing Survey</b>						
Now compared with 3 months ago	16.1	65.5	18.4	7.2	75.9	16.9
Now compared with 12 months ago	25.3	52.9	21.8	13.4	61.0	25.6
Over the next 12 months	18.5	60.5	21.0	9.6	61.4	28.9
<b>Business Leaders Survey</b>						
Now compared with 3 months ago	9.6	68.8	21.6	11.5	70.8	17.7
Now compared with 12 months ago	14.5	61.3	24.2	17.7	63.5	18.8
Over the next 12 months	10.0	60.8	29.2	9.5	63.2	27.4

### QUESTION 2

How has credit availability changed over the past three months? Past twelve months? How do you expect it to change over the next twelve months?

	July 2014 Survey			October 2013 Survey		
	Percentage of Firms Responding ...			Percentage of Firms Responding ...		
	Easier	Same	Tighter	Easier	Same	Tighter
<b>Empire State Manufacturing Survey</b>						
Over the past 3 months	7.0	84.9	8.1	8.5	80.5	11.0
Over the past 12 months	8.1	83.7	8.1	13.8	75.0	11.3
Over the next 12 months	7.3	80.5	12.2	8.6	67.9	23.5
<b>Business Leaders Survey</b>						
Over the past 3 months	11.8	81.9	6.3	4.2	86.5	9.4
Over the past 12 months	12.0	75.2	12.8	9.4	74.0	16.7
Over the next 12 months	20.2	61.3	18.5	13.5	66.7	19.8

### QUESTION 3

In your experience, how have banks' requirements to extend business loans and/or credit lines changed over the past three months?

	July 2014 Survey		October 2013 Survey		October 2012 Survey	
	Percentage of Firms Responding ...		Percentage of Firms Responding ...		Percentage of Firms Responding ...	
	Empire State Mfg Survey	Business Leaders Survey	Empire State Mfg Survey	Business Leaders Survey	Empire State Mfg Survey	Business Leaders Survey
Much easier now	1.2	0.8	0.0	0.0	0.0	0.0
Somewhat easier now	9.3	14.4	10.0	6.3	6.7	13.8
Same	81.4	63.2	71.3	69.5	76.4	71.3
Somewhat tighter now	7.0	16.0	17.5	21.1	12.4	12.5
Much tighter now	1.2	5.6	1.3	3.2	4.5	2.5

Supplemental Survey Report, *continued***QUESTION 4**

Also in your experience, how has the cost of borrowing funds changed over the past three months?

	July 2014 Survey		October 2013 Survey		October 2012 Survey	
	Percentage of Firms Responding ...		Percentage of Firms Responding ...		Percentage of Firms Responding ...	
	Empire State Mfg Survey	Business Leaders Survey	Empire State Mfg Survey	Business Leaders Survey	Empire State Mfg Survey	Business Leaders Survey
Much lower now	0.0	0.8	0.0	0.0	0.0	0.0
Lower now	5.8	8.1	7.4	3.1	16.7	28.8
Same	81.4	58.1	71.6	57.3	76.7	61.3
Higher now	12.8	30.6	19.8	37.5	5.6	10.0
Much higher now	0.0	2.4	1.2	2.1	1.1	0.0

**QUESTION 5**

Again in your experience, how have the limits (ceilings) on existing business lines of credit changed over the past three months? Credit limits have become:

	July 2014 Survey		October 2013 Survey		October 2012 Survey	
	Percentage of Firms Responding ...		Percentage of Firms Responding ...		Percentage of Firms Responding ...	
	Empire State Mfg Survey	Business Leaders Survey	Empire State Mfg Survey	Business Leaders Survey	Empire State Mfg Survey	Business Leaders Survey
Much lower now	0.0	0.0	0.0	1.1	2.2	1.2
Lower now	3.5	6.6	9.9	7.4	3.3	9.9
Same	89.4	75.4	81.5	81.1	87.9	81.5
Higher now	7.1	17.2	7.4	10.5	6.6	3.7
Much higher now	0.0	0.8	1.2	0.0	0.0	3.7

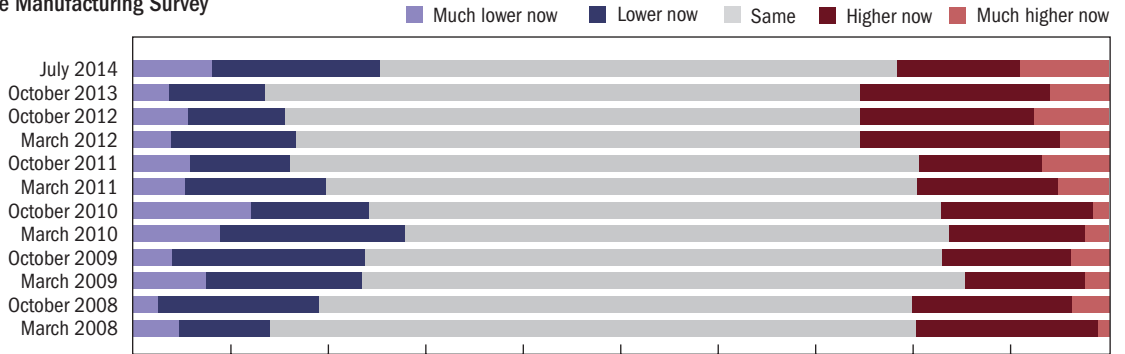
Note: Response data for Business Leaders Survey exclude banks.

# Supplemental Survey Report, *continued*

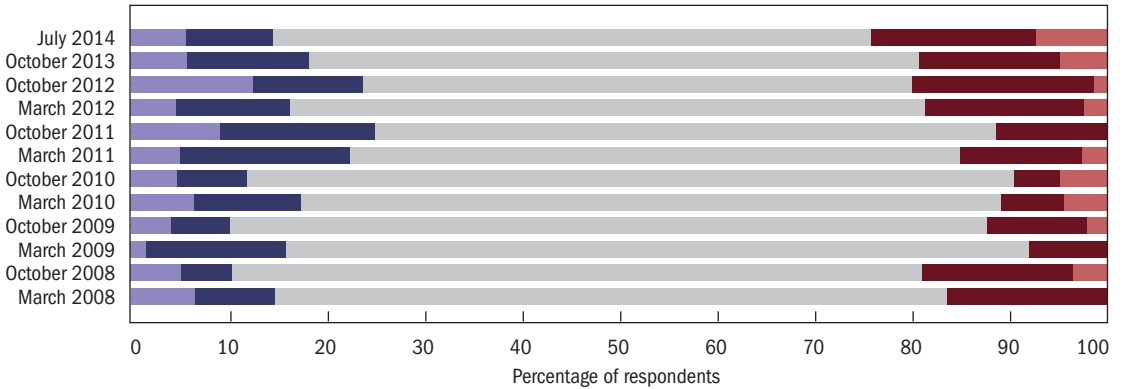
**HISTORICAL OVERVIEW FOR QUESTION 1**

**How do your current borrowing needs compare with those twelve months ago?**

Empire State Manufacturing Survey

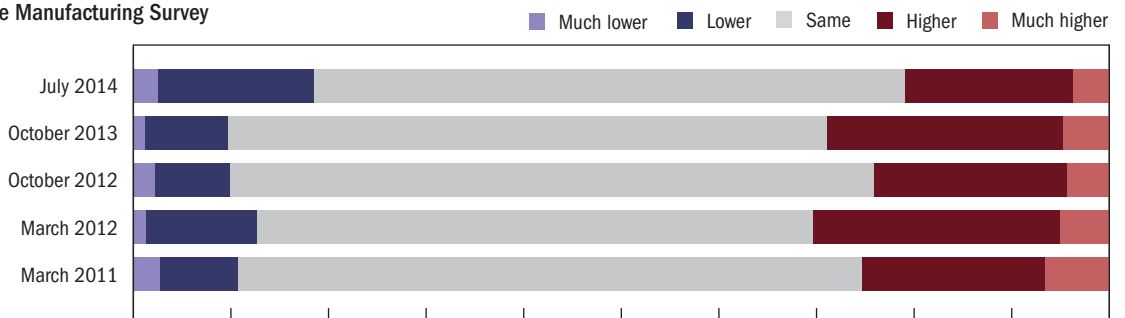


Business Leaders Survey

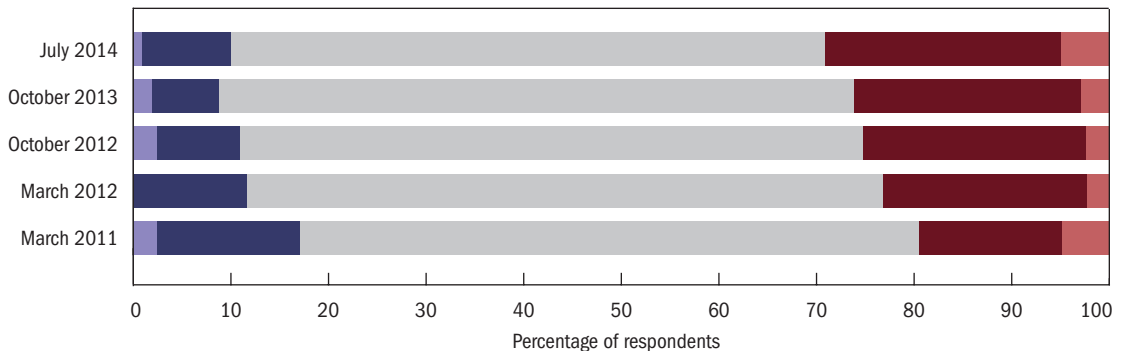


**How do you expect borrowing needs to change over the next twelve months?**

Empire State Manufacturing Survey



Business Leaders Survey



# Supplemental Survey Report, *continued*

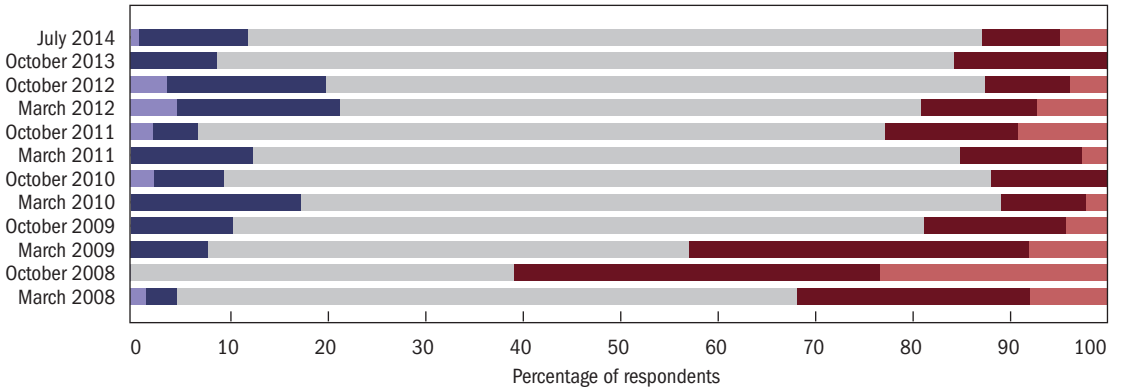
**HISTORICAL OVERVIEW FOR QUESTION 2**

**How has credit availability changed over the past twelve months?**

Empire State Manufacturing Survey

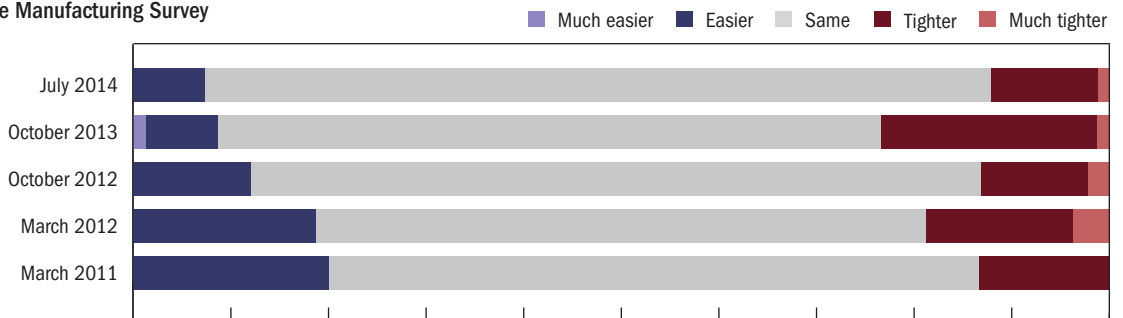


Business Leaders Survey



**How do you expect credit availability to change over the next twelve months?**

Empire State Manufacturing Survey



Business Leaders Survey

