

Empire State Manufacturing Survey

Business activity took a sharp turn downward in New York State, according to firms responding to the June 2019 *Empire State Manufacturing Survey*. The headline general business conditions index plummeted twenty-six points, its largest monthly decline on record, to -8.6. New orders receded, while shipments increased modestly. Unfilled orders fell, and delivery times and inventories moved slightly lower. Labor market indicators pointed to small declines in employment and hours worked. The pace of input price increases was little changed, while selling price increases slowed. Indexes assessing the six-month outlook indicated that firms were less optimistic about future conditions than they were last month.

Growth Abruptly Reverses

Manufacturing firms in New York State reported that business activity declined. The general business conditions index

fell by a record twenty-six points to -8.6, the first negative reading for the index in more than two years. Twenty-two percent of respondents reported that conditions had improved over the month, while 30 percent reported that conditions had worsened. The new orders index also posted a significant decline, falling twenty-two points to -12.0, indicating a decline in orders. The shipments index fell seven points to 9.7, pointing to a modest increase in shipments. Unfilled orders declined, delivery times were somewhat shorter, and inventories moved slightly lower.

Employment Shrinks

The index for number of employees fell eight points to -3.5, its first negative value in over two years, pointing to a small decline in employment levels. The average workweek index also fell below zero, to -2.2, pointing to a slightly

shorter workweek. The prices paid index was little changed at 27.8, suggesting input prices increased at about the same pace as last month. The prices received index fell six points to 6.8, marking a fourth consecutive decline and pointing to an ongoing deceleration in selling price increases.

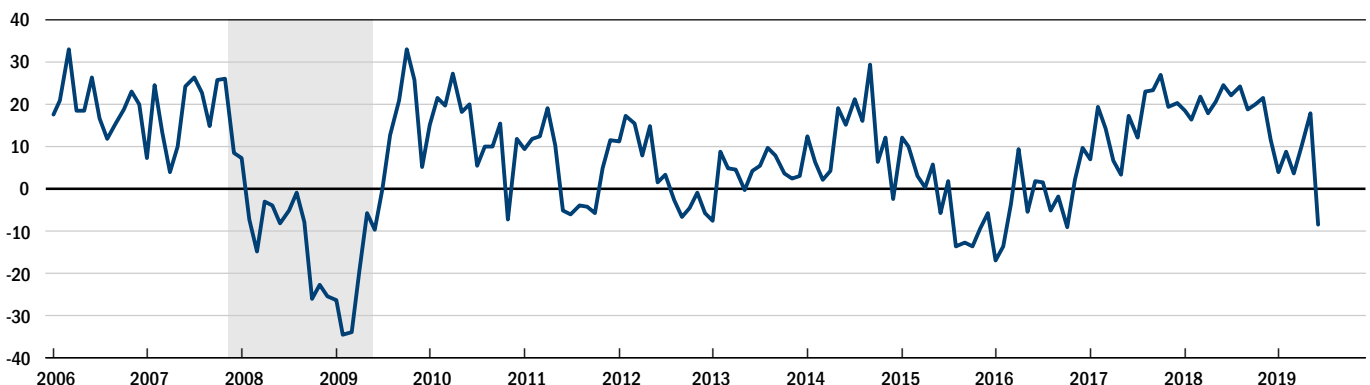
Future Indexes Decline

Indexes assessing the six-month outlook were generally lower than last month. The index for future business conditions fell five points to 25.7. The indexes for future new orders and shipments fell to similar levels. Firms expected solid increases in employment but no change in the average workweek in the months ahead. The capital expenditures index fell sixteen points to 10.5, pointing to slower growth in capital spending plans, and the technology spending index fell ten points to 12.8. ■

General Business Conditions

Seasonally Adjusted

Diffusion Index

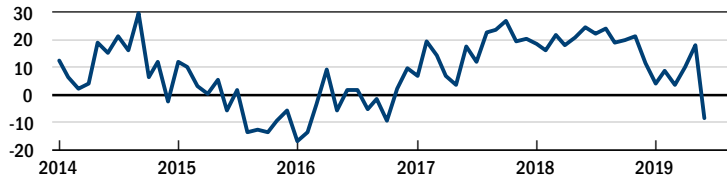


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

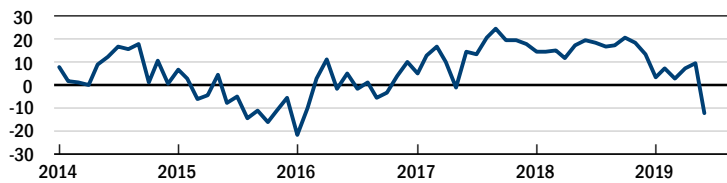
Change from Preceding Month

General Business Conditions



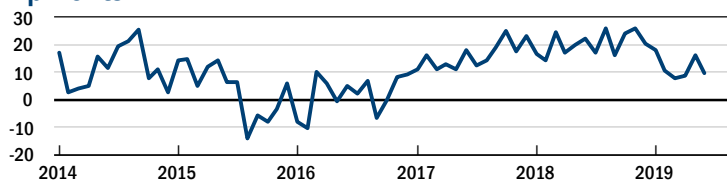
	Percent Reporting		Index
	Higher	Lower	
May	36.3	18.4	17.8
Jun	21.8	30.4	-8.6
Change			-26.4

New Orders



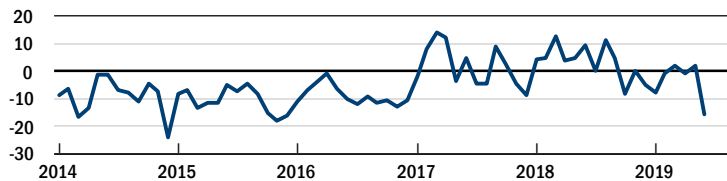
	Percent Reporting		Index
	Higher	Lower	
May	33.4	23.7	9.7
Jun	23.4	35.4	-12.0
Change			-21.7

Shipments



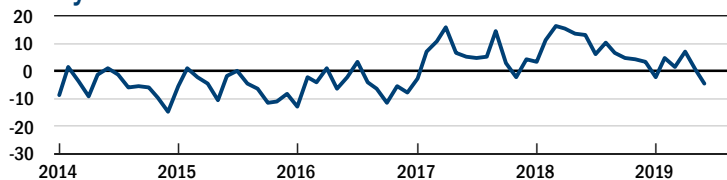
	Percent Reporting		Index
	Higher	Lower	
May	38.6	22.3	16.3
Jun	31.7	22.0	9.7
Change			-6.6

Unfilled Orders



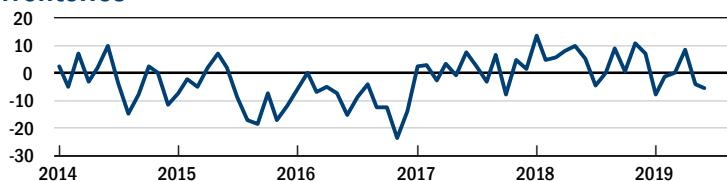
	Percent Reporting		Index
	Higher	Lower	
May	15.9	13.8	2.1
Jun	9.8	25.6	-15.8
Change			-17.9

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
May	11.7	11.0	0.7
Jun	7.5	12.0	-4.5
Change			-5.2

Inventories

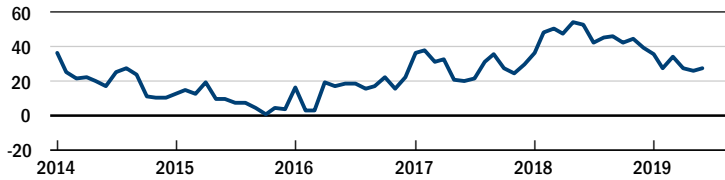


	Percent Reporting		Index
	Higher	Lower	
May	22.1	26.2	-4.1
Jun	18.0	23.3	-5.3
Change			-1.2

Current Indicators, *continued*

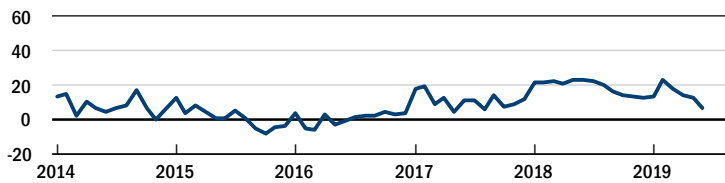
Change from Preceding Month

Prices Paid



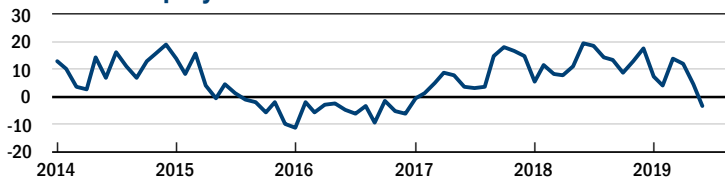
	Percent Reporting		Index
	Higher	Lower	
May	32.4	6.2	26.2
Jun	32.3	4.5	27.8
Change			1.6

Prices Received



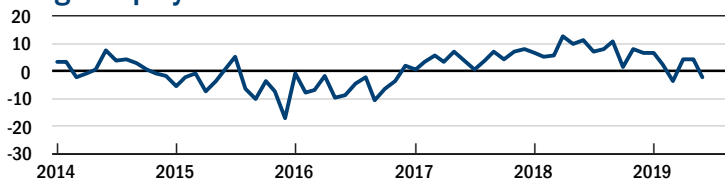
	Percent Reporting		Index
	Higher	Lower	
May	20.0	7.6	12.4
Jun	11.3	4.5	6.8
Change			-5.6

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
May	18.9	14.2	4.7
Jun	11.8	15.3	-3.5
Change			-8.2

Average Employee Workweek



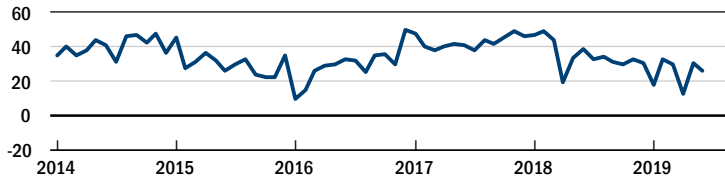
	Percent Reporting		Index
	Higher	Lower	
May	17.0	12.6	4.4
Jun	10.7	12.9	-2.2
Change			-6.6

Note: Data are seasonally adjusted.

Forward-Looking Indicators

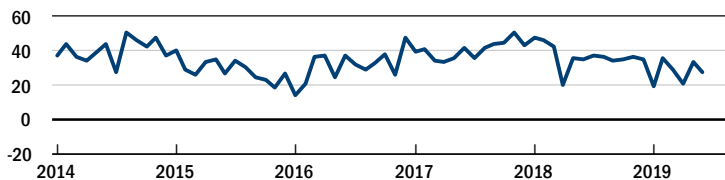
Expectations Six Months Ahead

General Business Conditions



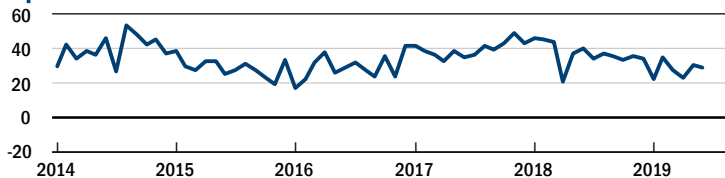
	Percent Reporting		Index
	Higher	Lower	
May	49.1	18.6	30.6
Jun	42.2	16.6	25.7
Change			-4.9

New Orders



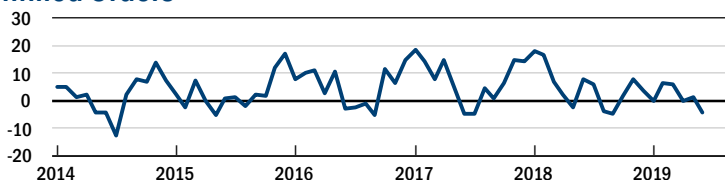
	Percent Reporting		Index
	Higher	Lower	
May	50.2	16.8	33.4
Jun	45.8	18.0	27.8
Change			-5.6

Shipments



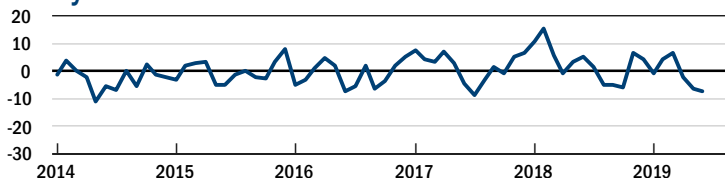
	Percent Reporting		Index
	Higher	Lower	
May	49.1	18.7	30.4
Jun	45.3	16.1	29.2
Change			-1.2

Unfilled Orders



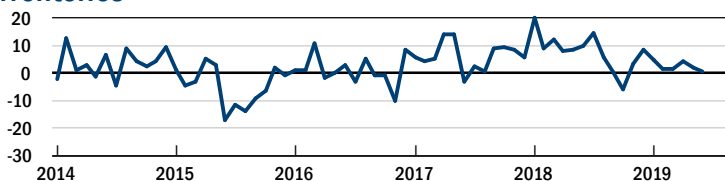
	Percent Reporting		Index
	Higher	Lower	
May	15.9	14.5	1.4
Jun	9.8	14.3	-4.5
Change			-5.9

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
May	10.3	16.6	-6.2
Jun	6.0	13.5	-7.5
Change			-1.3

Inventories

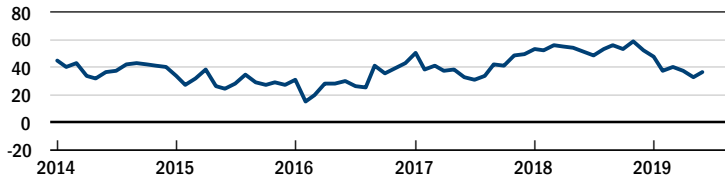


	Percent Reporting		Index
	Higher	Lower	
May	24.8	22.8	2.1
Jun	24.1	23.3	0.8
Change			-1.3

Forward-Looking Indicators, *continued*

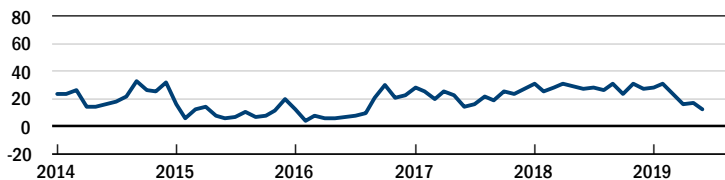
Expectations Six Months Ahead

Prices Paid



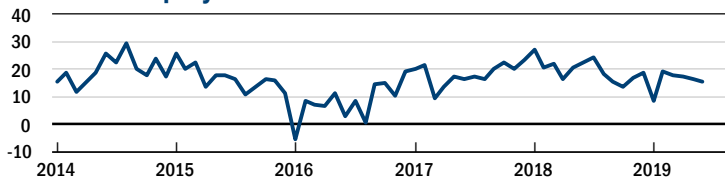
	Percent Reporting		Index
	Higher	Lower	
May	38.6	5.5	33.1
Jun	42.1	5.3	36.8
Change			3.7

Prices Received



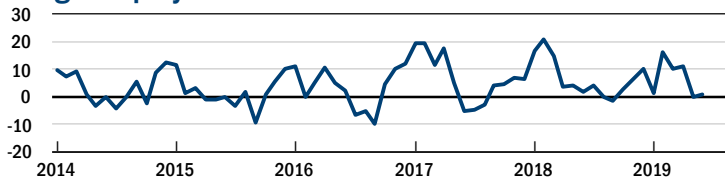
	Percent Reporting		Index
	Higher	Lower	
May	25.5	8.3	17.2
Jun	20.3	7.5	12.8
Change			-4.4

Number of Employees



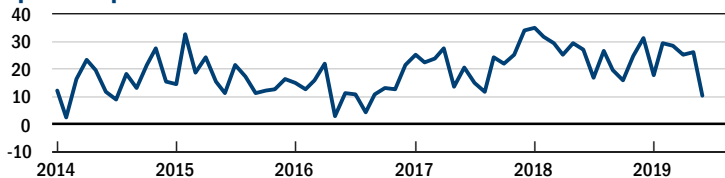
	Percent Reporting		Index
	Higher	Lower	
May	26.0	9.7	16.3
Jun	27.6	12.0	15.6
Change			-0.7

Average Employee Workweek



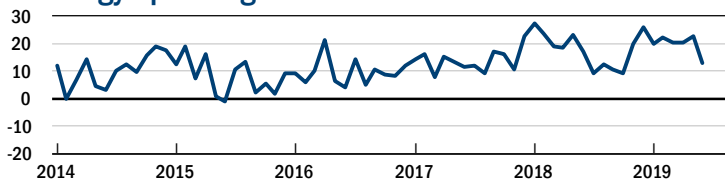
	Percent Reporting		Index
	Higher	Lower	
May	11.7	11.7	0.0
Jun	11.3	10.5	0.8
Change			0.8

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
May	35.2	9.0	26.2
Jun	24.8	14.3	10.5
Change			-15.7

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
May	28.3	5.5	22.8
Jun	22.6	9.8	12.8
Change			-10.0

Note: Data are seasonally adjusted.