

Empire State Manufacturing Survey

Business activity grew modestly in New York State, according to firms responding to the February 2019 *Empire State Manufacturing Survey*. The headline general business conditions index moved up five points to 8.8. New orders and shipments also increased modestly. Delivery times were slightly longer, and inventories held steady. Labor market indicators pointed to a slight increase in employment and hours worked. The prices paid index moved lower for a third consecutive month, indicating an ongoing deceleration in input price increases, while the prices received index climbed ten points to reach its highest level in several months, indicating a pickup in selling price increases. After slumping last month, indexes assessing the six-month outlook improved noticeably, suggesting firms were fairly optimistic about future conditions.

Business Activity Expands

Manufacturing firms in New York State reported that business activity grew, though like last month, at a significantly slower pace than much of last year. After falling for the prior two months, the general business conditions index rose five points to 8.8. Thirty-two percent of respondents reported that conditions had improved over the month, while 23 percent reported that conditions had worsened. The new orders index climbed four points to 7.5. The shipments index came in at 10.4, indicating a decent pace of growth, though the index fell eight points to its lowest level in well over a year. Unfilled orders held steady, inventories were little changed, and delivery times were slightly longer.

Employment Growth Muted

The index for number of employees fell for a second consecutive month, declining

three points to a still-positive 4.1, pointing to a slight increase in employment levels, and the average workweek index moved down to 2.5. The prices paid index fell for a third consecutive month, falling nine points to 27.1, indicating a continued slowing of input price increases. The prices received index increased ten points to 22.9, suggesting that selling price increases picked up.

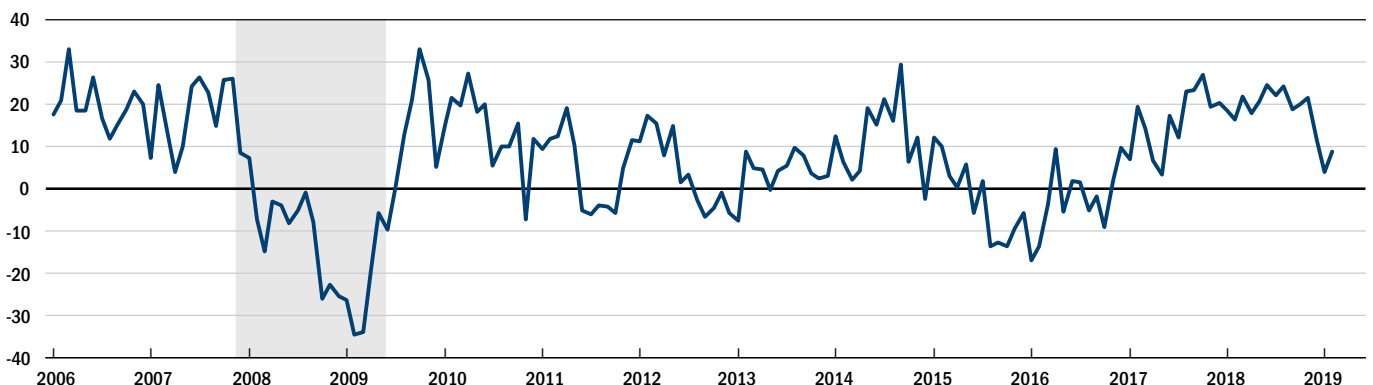
Optimism Improves

Firms were more optimistic about the six-month outlook than last month. After dipping in January, the index for future business conditions rose 15 points to 32.3. The indexes for future new orders and shipments climbed to similar levels. Firms expected employment and hours worked to increase at a solid pace in the months ahead. The capital expenditures index rose eleven points to 29.3, and the technology spending index edged up to 22.1 ■

General Business Conditions

Seasonally Adjusted

Diffusion Index

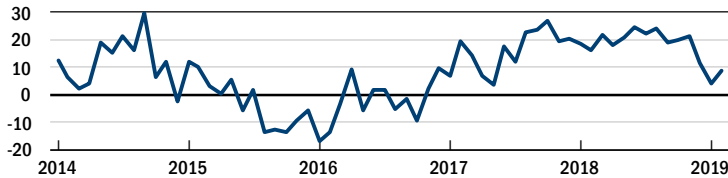


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

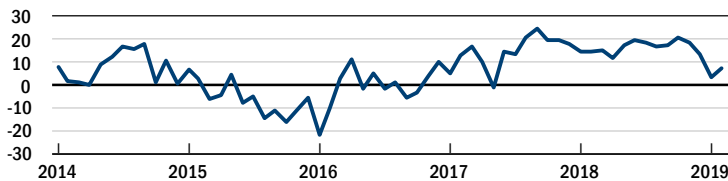
Change from Preceding Month

General Business Conditions



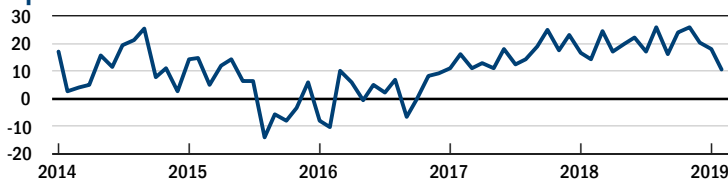
	Percent Reporting		Index
	Higher	Lower	
Jan	23.4	19.5	3.9
Feb	31.5	22.7	8.8
Change			4.9

New Orders



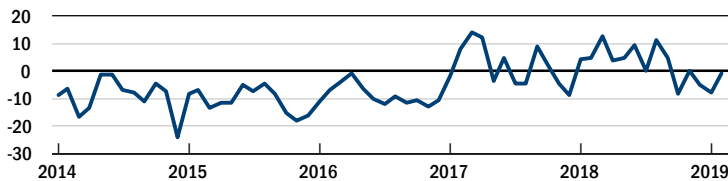
	Percent Reporting		Index
	Higher	Lower	
Jan	29.2	25.8	3.5
Feb	29.6	22.2	7.5
Change			4.0

Shipments



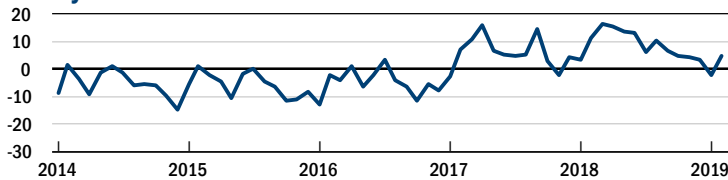
	Percent Reporting		Index
	Higher	Lower	
Jan	37.5	19.6	17.9
Feb	33.2	22.8	10.4
Change			-7.5

Unfilled Orders



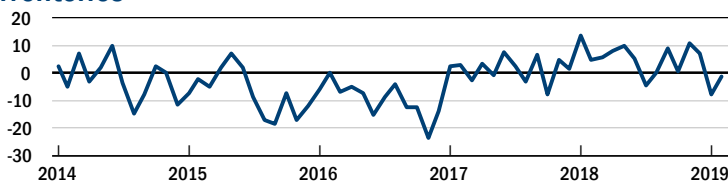
	Percent Reporting		Index
	Higher	Lower	
Jan	13.1	20.7	-7.6
Feb	16.4	17.1	-0.7
Change			6.9

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Jan	10.3	12.4	-2.1
Feb	16.4	11.4	5.0
Change			7.1

Inventories

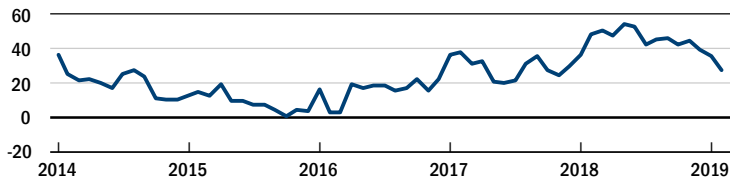


	Percent Reporting		Index
	Higher	Lower	
Jan	15.2	22.8	-7.6
Feb	22.1	23.6	-1.4
Change			6.2

Current Indicators, *continued*

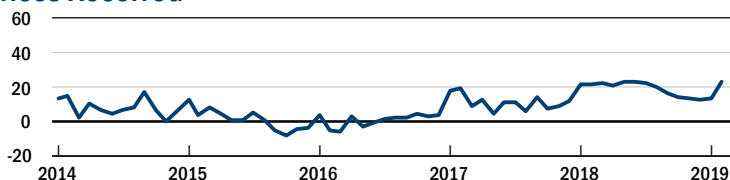
Change from Preceding Month

Prices Paid



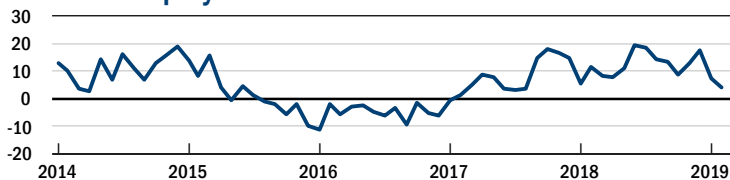
	Percent Reporting		Index
	Higher	Lower	
Jan	41.4	5.5	35.9
Feb	31.4	4.3	27.1
Change			-8.8

Prices Received



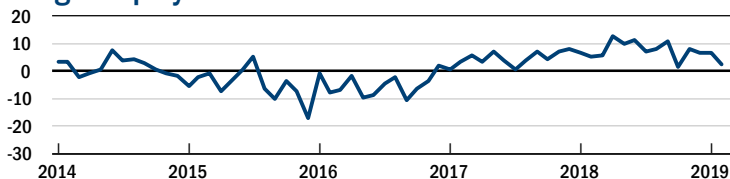
	Percent Reporting		Index
	Higher	Lower	
Jan	20.0	6.9	13.1
Feb	23.6	0.7	22.9
Change			9.8

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jan	15.4	8.0	7.4
Feb	16.5	12.4	4.1
Change			-3.3

Average Employee Workweek



	Percent Reporting		Index
	Higher	Lower	
Jan	17.0	10.2	6.8
Feb	14.0	11.5	2.5
Change			-4.3

Note: Data are seasonally adjusted.

Forward-Looking Indicators

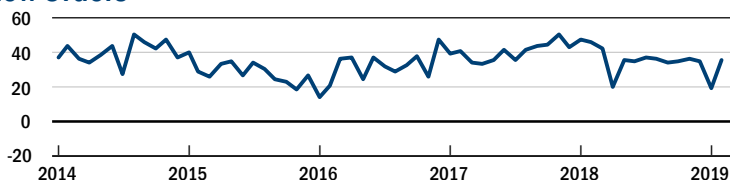
Expectations Six Months Ahead

General Business Conditions



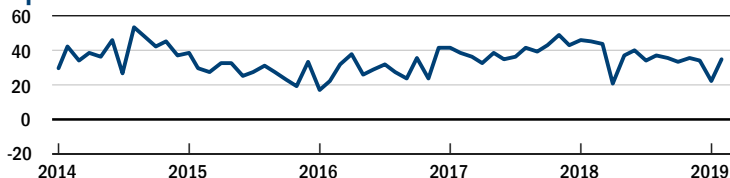
	Percent Reporting		Index
	Higher	Lower	
Jan	39.0	21.3	17.8
Feb	47.7	15.4	32.3
Change			14.5

New Orders



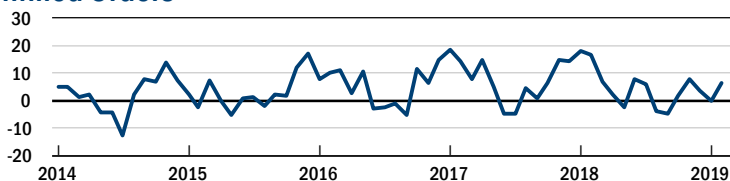
	Percent Reporting		Index
	Higher	Lower	
Jan	39.9	20.4	19.5
Feb	50.3	14.5	35.7
Change			16.2

Shipments



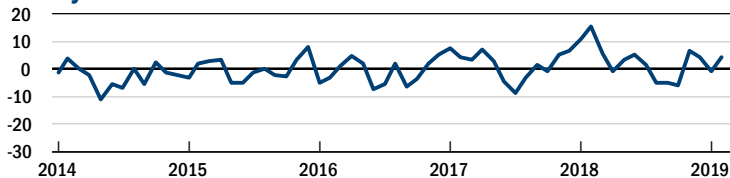
	Percent Reporting		Index
	Higher	Lower	
Jan	41.8	19.4	22.4
Feb	49.3	14.3	35.1
Change			12.7

Unfilled Orders



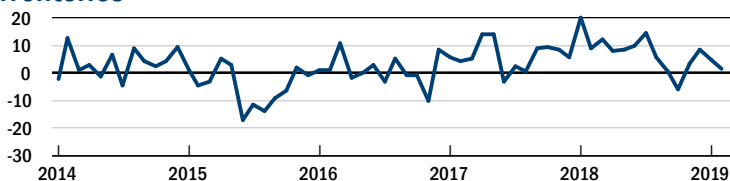
	Percent Reporting		Index
	Higher	Lower	
Jan	13.8	13.8	0.0
Feb	20.0	13.6	6.4
Change			6.4

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Jan	10.3	11.0	-0.7
Feb	17.1	12.9	4.3
Change			5.0

Inventories

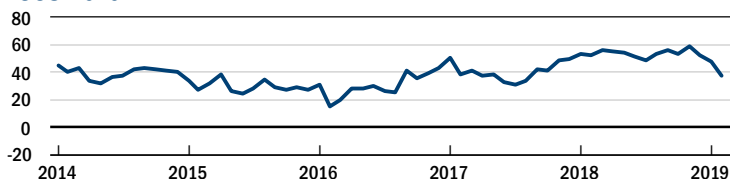


	Percent Reporting		Index
	Higher	Lower	
Jan	23.4	18.6	4.8
Feb	23.6	22.1	1.4
Change			-3.4

Forward-Looking Indicators, *continued*

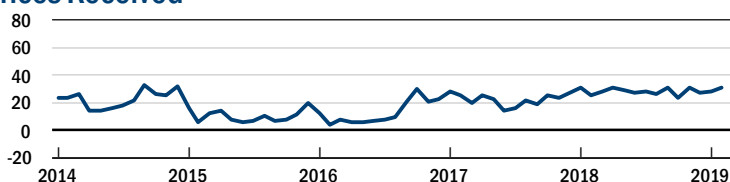
Expectations Six Months Ahead

Prices Paid



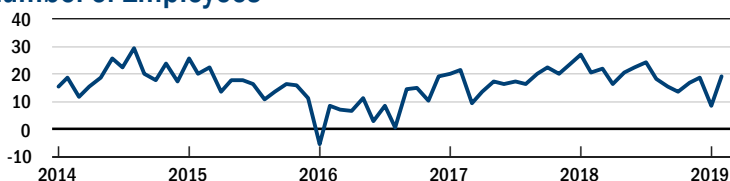
	Percent Reporting		Index
	Higher	Lower	
Jan	51.7	4.1	47.6
Feb	43.6	6.4	37.1
Change			-10.5

Prices Received



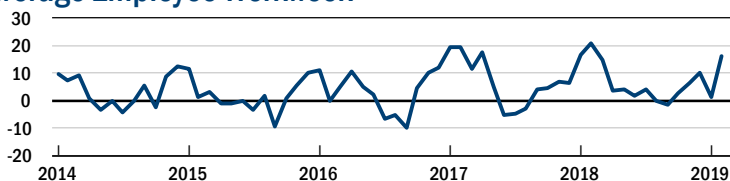
	Percent Reporting		Index
	Higher	Lower	
Jan	36.6	8.3	28.3
Feb	35.7	5.0	30.7
Change			2.4

Number of Employees



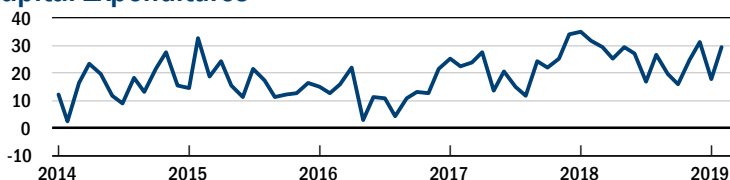
	Percent Reporting		Index
	Higher	Lower	
Jan	22.2	13.7	8.5
Feb	30.5	11.4	19.1
Change			10.6

Average Employee Workweek



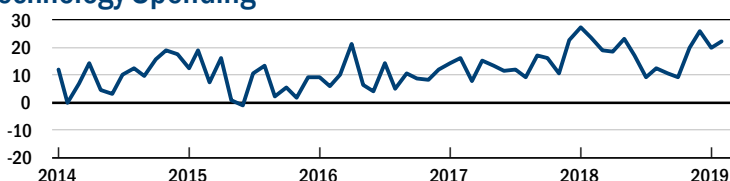
	Percent Reporting		Index
	Higher	Lower	
Jan	14.5	13.1	1.4
Feb	22.9	6.4	16.4
Change			15.0

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Jan	29.0	11.0	17.9
Feb	37.1	7.9	29.3
Change			11.4

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Jan	26.2	6.2	20.0
Feb	27.1	5.0	22.1
Change			2.1

Note: Data are seasonally adjusted.