

November 2004

Empire State Manufacturing

Survey



For release: November 15, 2004 8:30 a.m.

Summary

The *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers improved in November. The general business conditions index was 19.8, approximately the same level it held in October. The new orders and shipments indexes were positive, but while the shipments index was roughly the same as last month, the new orders index fell slightly. Readings for the unfilled orders and delivery time indexes were just below zero. Price indexes remained near their record-high levels. Employment indexes, while positive, drifted downward for a second consecutive month. Future indexes conveyed optimism but slipped somewhat from last month's levels.

A Slower Rate of Growth Continues

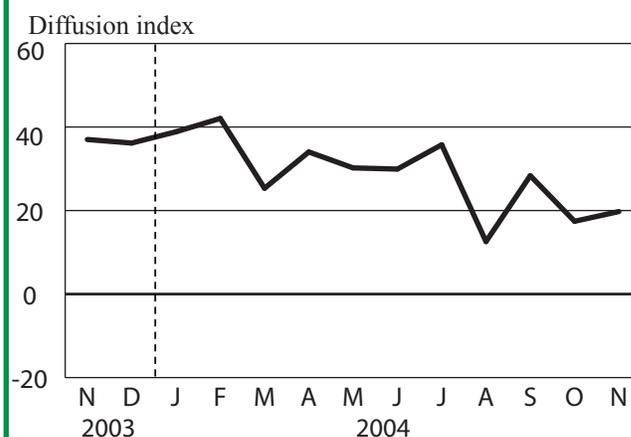
Survey indexes point to continued growth in New York's manufacturing sector, although at a somewhat slower pace than earlier this year. The general business conditions index was 19.8 in November, just slightly above last month's level and similar to readings since April. Thirty-seven percent of respondents—compared with 40 percent in October—said conditions had improved, while 17 percent said conditions had worsened, compared with 23 percent last month. The new orders index fell slightly, to 18.5, continuing the general decline that began in May. The shipments index, at 21.8, was little changed from last month. The unfilled orders index was slightly below zero for the third time in the past four months; 22 percent of respondents, the highest percentage since March, reported fewer orders.

The delivery time index fell below zero for the first time since January, with 16 percent of respondents reporting slower deliveries. The inventories index was zero, around where it had hovered for the greater part of the past year.

Prices Remain Elevated, While Employment Growth Decelerates

Price indexes remained near their record-high levels. The prices paid index fell several points, to 53.4, with 55 percent of respondents reporting higher prices and 2 percent reporting lower prices. The prices received index rose slightly from 15.0 last month to 17.0; 23 percent reported receiving higher prices while 6 percent received lower prices. Employment indexes fell from October levels. The number of employees index remained positive, but a 7-point drop brought it to 10.8.

General Business Conditions



Twenty-seven percent of respondents increased employment, while 16 percent reduced employment. The average workweek index also fell to its lowest level in more than a year, dropping from 4.9 to 2.2.

Expectations Remain Favorable

Future indexes continued to indicate optimism, but drifted downward. The future indexes for general business conditions, new orders, and shipments all remained staunchly positive but were several points below October levels. Future price indexes were elevated; 60 percent of respondents expected to pay higher prices in six months, while 41 percent expected to receive higher prices. Future employment indexes were positive but below October levels. The future index for number of employees fell from 33.7 to 21.7, with 34 percent of respondents expecting more employees in six months. The future average workweek index was 8.4, well below the level recorded last month. The capital expenditures index was 28.0, near the level it held much of the past year.

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.

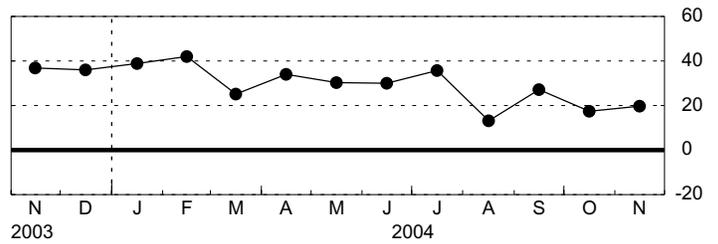
Empire State Manufacturing Survey, November 2004

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	40.02	37.40	22.58	17.43
Nov	36.81	46.15	17.04	19.76

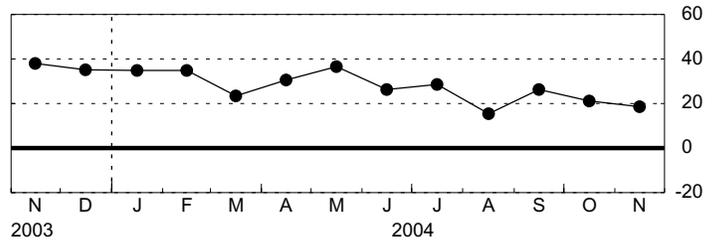
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	41.02	39.12	19.86	21.16
Nov	37.62	43.25	19.13	18.49

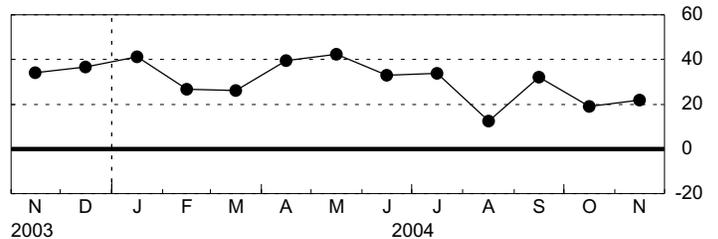
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	40.14	38.82	21.04	19.10
Nov	38.42	44.95	16.63	21.78

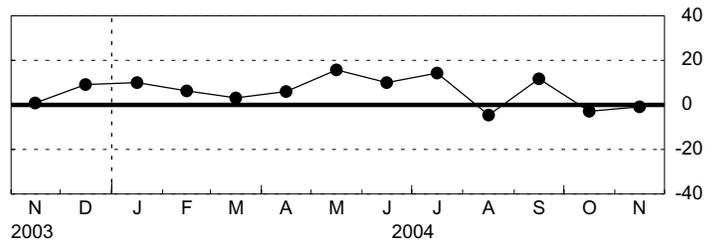
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	16.54	64.24	19.22	-2.67
Nov	21.75	55.78	22.48	-0.73

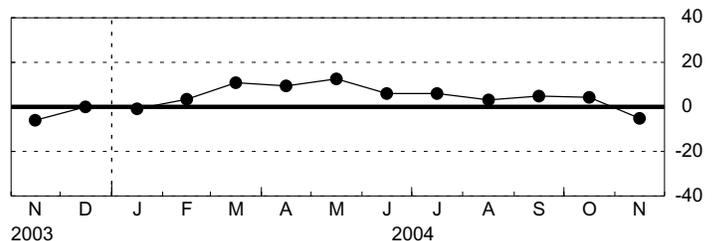
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	12.50	79.17	8.33	4.17
Nov	11.02	72.88	16.10	-5.08

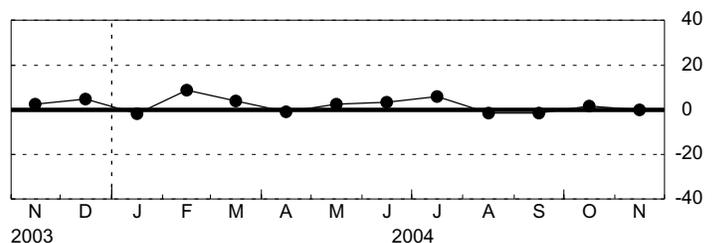
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	24.17	53.33	22.50	1.67
Nov	20.34	59.32	20.34	0.00

Inventories - Diffusion Index



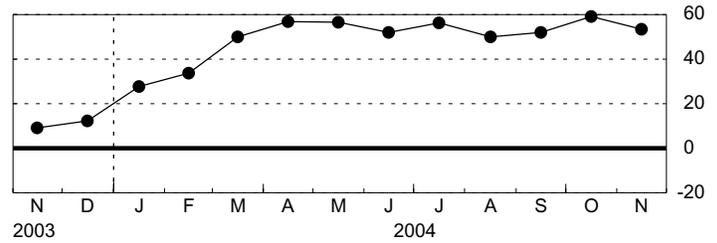
Empire State Manufacturing Survey, November 2004

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	60.83	37.50	1.67	59.17
Nov	55.08	43.22	1.69	53.39

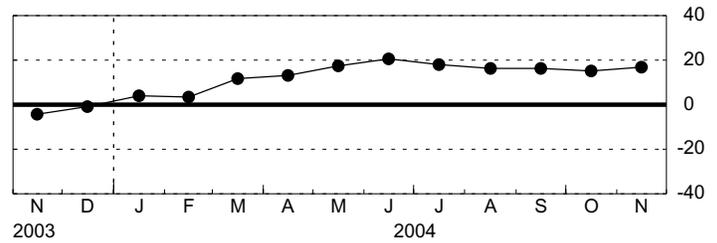
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	24.17	66.67	9.17	15.00
Nov	22.88	71.19	5.93	16.95

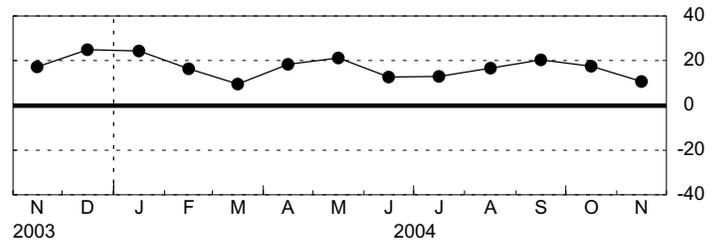
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	29.32	59.01	11.67	17.65
Nov	26.86	57.04	16.10	10.75

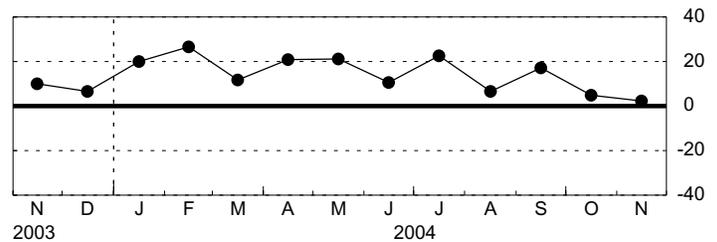
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	19.04	66.80	14.17	4.87
Nov	17.48	67.27	15.25	2.22

Average Employee Workweek - Diffusion Index

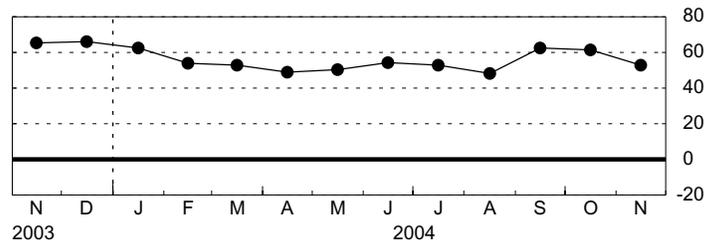


Empire State Manufacturing Survey, November 2004, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	65.11	31.08	3.81	61.30
Nov	61.30	30.47	8.23	53.08

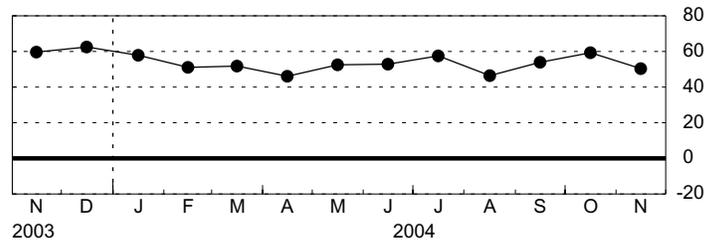
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	63.90	31.39	4.71	59.19
Nov	59.77	30.73	9.51	50.26

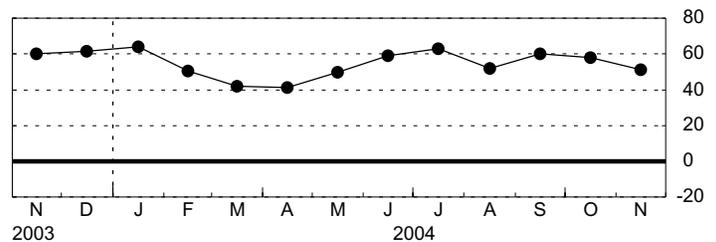
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	63.66	30.62	5.73	57.93
Nov	59.52	32.18	8.31	51.21

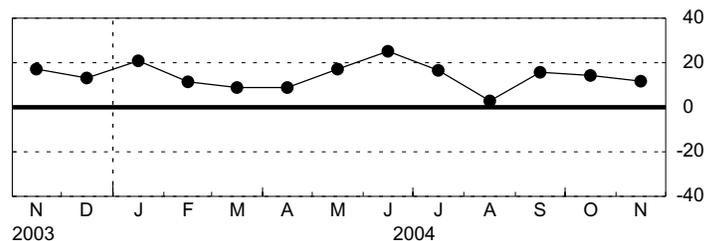
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	21.21	71.98	6.81	14.39
Nov	25.24	61.35	13.40	11.84

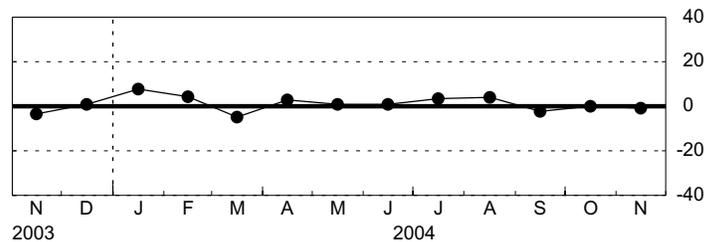
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	9.17	81.67	9.17	0.00
Nov	11.02	77.12	11.86	-0.85

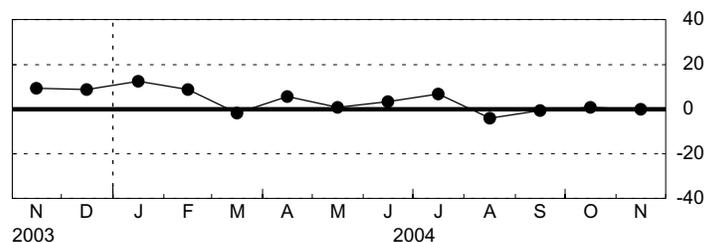
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	25.83	49.17	25.00	0.83
Nov	27.97	44.07	27.97	0.00

Inventories - Diffusion Index

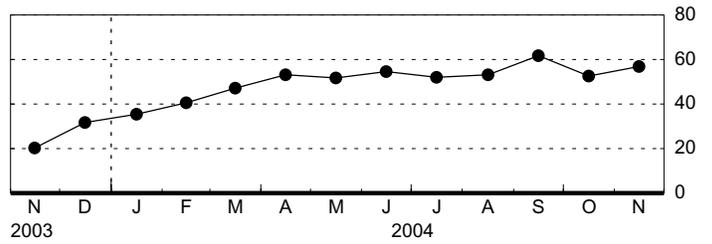


Empire State Manufacturing Survey, November 2004, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	57.50	37.50	5.00	52.50
Nov	60.17	36.44	3.39	56.78

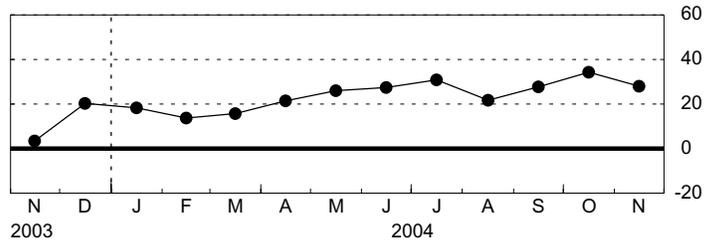
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	45.83	42.50	11.67	34.17
Nov	40.68	46.61	12.71	27.97

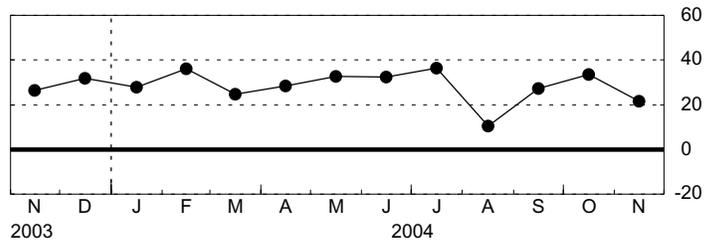
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	40.83	52.01	7.15	33.68
Nov	33.90	53.92	12.18	21.72

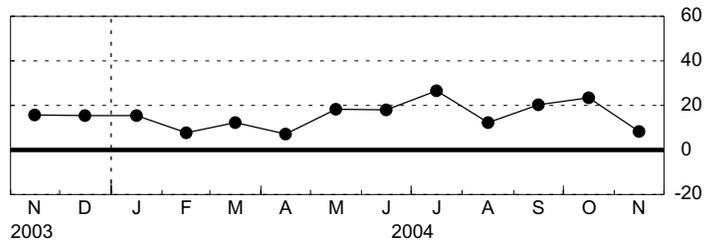
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	28.44	66.71	4.85	23.59
Nov	17.58	73.24	9.18	8.40

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	43.33	45.00	11.67	31.67
Nov	41.53	44.92	13.56	27.97

Capital Expenditures - Diffusion Index

