

April 2003

Empire State Manufacturing

Survey



Summary

The *Empire State Manufacturing Survey* indicates that conditions for New York's manufacturers deteriorated markedly in April. The general business conditions index dropped to -20.4, its lowest level since October 2001. Moreover, nearly all indexes fell significantly from last month's already negative levels. The new orders index declined more than 10 points, to -15.9, while the shipments index fell slightly to -7.3. The unfilled orders index dropped to -26.3, and the inventories index fell substantially from -3.3 to -16.6.

Pricing conditions and employment levels showed continued deterioration from last month. The prices paid index rose to 26.5, while the prices received index remained negative at -10.1. Employment indexes were decidedly negative for a second consecutive month, and were below last month's levels. Nonetheless, expectations improved—particularly for new orders—with most future indexes positive and higher than March's levels.

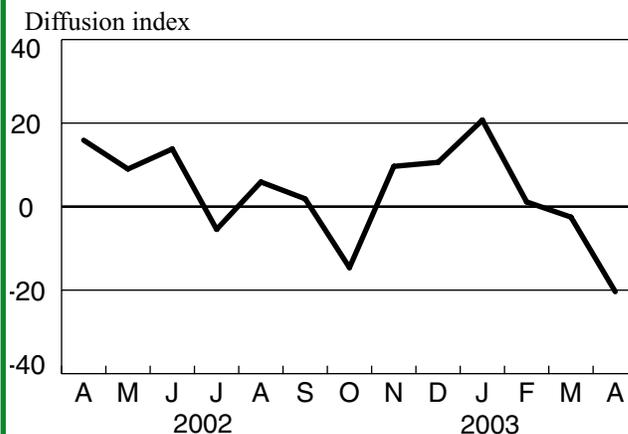
Conditions Deteriorate

The general business conditions index fell sharply from -2.8 in March to -20.4. Only 14 percent of respondents indicated that conditions improved, while 35 percent reported worsening conditions. Slightly more than half of respondents reported no change. The general business conditions index had not been so low since October 2001. The new orders index fell for the third consecutive month, dropping from -4.7 to -15.9; nearly one-third of respondents indicated that orders fell from last month. The shipments index also declined, from -5.4 to -7.3. The unfilled orders index fell to -26.3, continuing a string of four negative readings for 2003. Only 6 percent of respondents said that unfilled orders were higher in March. Nearly all respondents reported that delivery times remained the same or were lower this month than last. The inventories index fell sharply, from -3.3 to -16.6, with fewer respondents reporting rising inventories this month and more reporting lower inventories.

Pricing and Employment Conditions Continue to Slip

The prices paid index rose 13 points in March to 26.5, reaching its highest level in more than a year. Only 2 percent of respondents saw prices fall, while over one-quarter said that prices increased. The prices received index improved from last month's low level, but remained negative at -10.1. Only 6 percent reported more favorable prices, while 16 percent reported a decline. The vast majority of respondents saw no change in prices paid or received.

General Business Conditions



Employment indexes fell marginally from last month's levels, but in both March and April, the average workweek index was well below its average for the past year. The number of employees index fell to -11.0, while the average workweek index fell to -18.0.

Current Conditions Deteriorate, but Expectations Pick Up

After declining for the past two months, the future index for general business conditions rose to 37.9. Slightly more than half of respondents expect better conditions six months ahead. The future new orders index improved dramatically, from 28.3 to 45.4, with 56 percent expecting orders to increase. The future index for shipments climbed to 43.2, and the future index for unfilled orders rose from 4.0 to 21.1. The future prices paid index remained positive at 11.7, while the future prices received index continued a recent ascent and reached positive territory for the first time in several months. Fourteen percent now expect to receive higher prices in the future, as compared with 10 percent last month. The six-month-ahead index for employment levels rose 12 points to 22.0, with 33 percent expecting to add workers. The capital expenditures index remained steady at 10.2.

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.

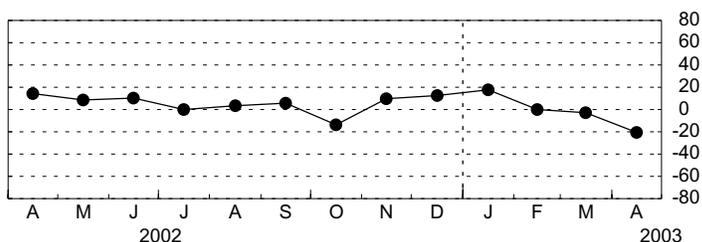
Empire State Manufacturing Survey, April 2003

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	21.90	53.43	24.67	-2.77
Apr	14.18	51.27	34.55	-20.37

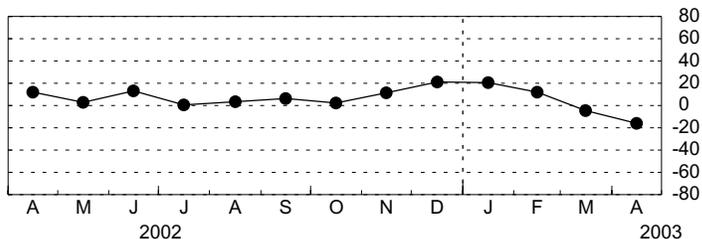
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	21.06	53.21	25.73	-4.67
Apr	14.41	55.25	30.34	-15.93

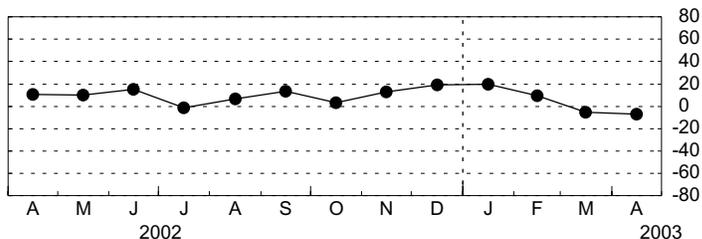
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	24.73	45.14	30.13	-5.40
Apr	20.49	51.77	27.75	-7.26

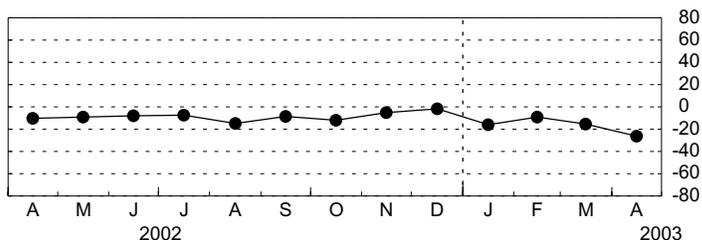
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	11.94	60.64	27.42	-15.48
Apr	6.08	61.50	32.42	-26.34

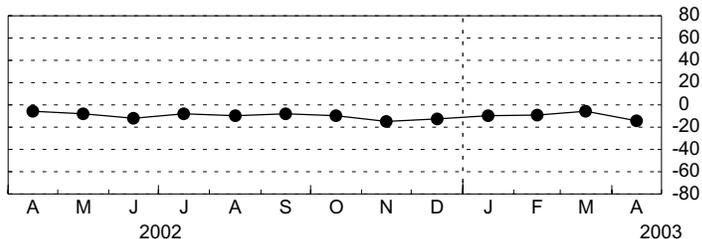
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	4.44	85.56	10.00	-5.56
Apr	3.19	79.23	17.58	-14.39

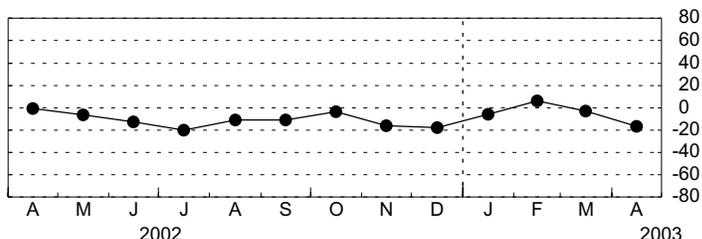
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	20.00	56.67	23.33	-3.33
Apr	14.29	54.86	30.85	-16.57

Inventories - Diffusion Index

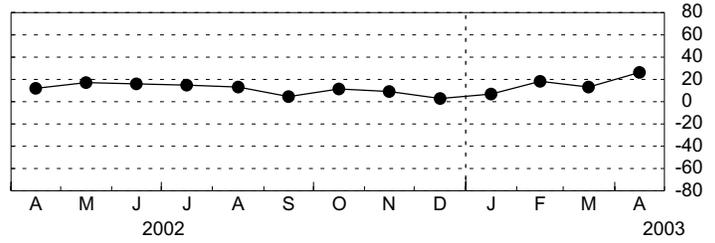


Empire State Manufacturing Survey, April 2003 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	18.89	75.56	5.56	13.33
Apr	28.72	69.08	2.20	26.53

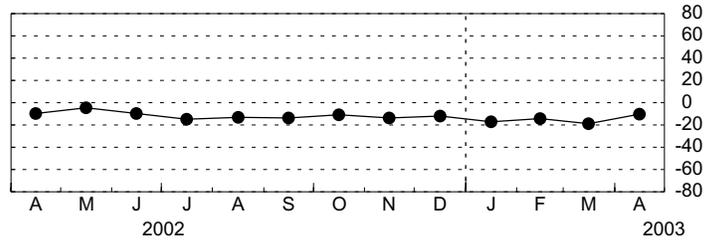
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	1.11	78.89	20.00	-18.89
Apr	6.38	77.13	16.48	-10.10

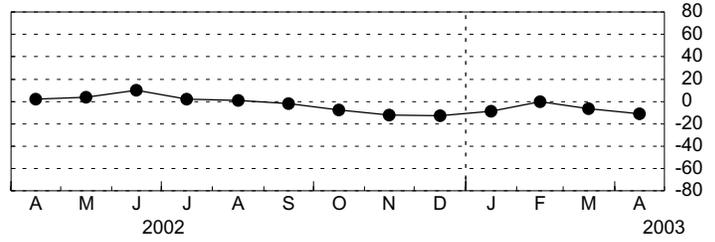
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	15.56	62.22	22.22	-6.67
Apr	13.19	62.64	24.18	-10.99

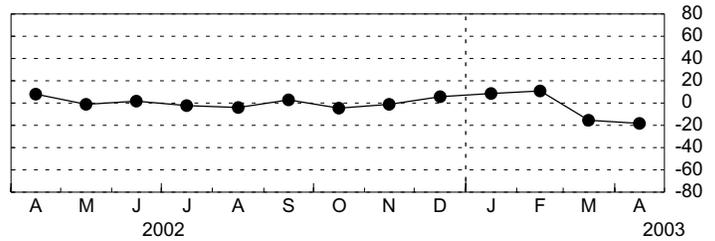
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	6.34	71.90	21.76	-15.42
Apr	4.56	72.90	22.54	-17.98

Average Employee Workweek - Diffusion Index

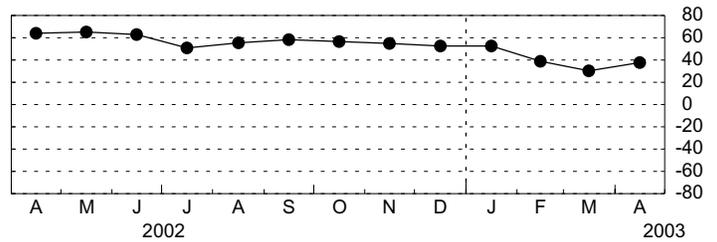


Empire State Manufacturing Survey, April 2003, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	45.33	39.56	15.11	30.22
Apr	52.66	32.59	14.74	37.92

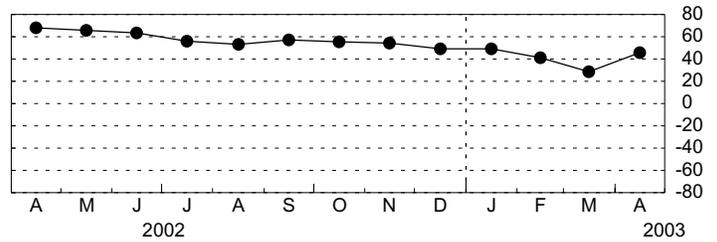
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	43.40	41.50	15.10	28.30
Apr	56.02	33.38	10.60	45.42

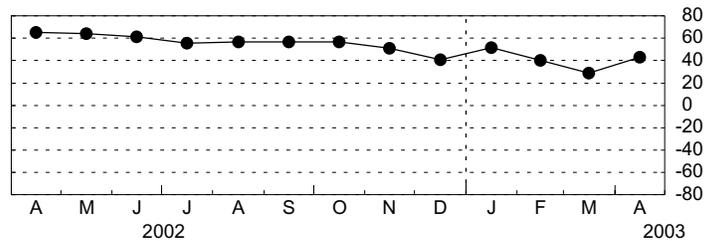
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	43.24	42.55	14.21	29.04
Apr	57.04	29.15	13.81	43.24

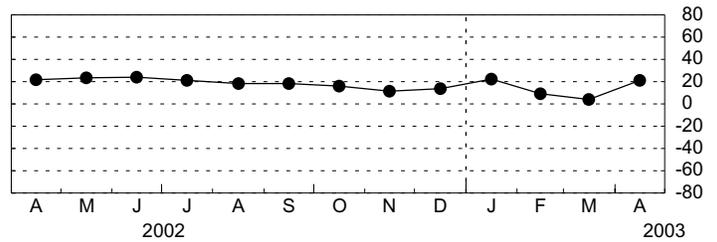
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	19.02	65.99	14.99	4.03
Apr	27.14	66.85	6.01	21.13

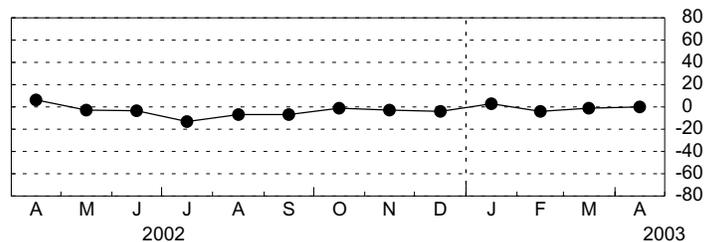
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	10.00	78.89	11.11	-1.11
Apr	10.64	78.72	10.64	0.00

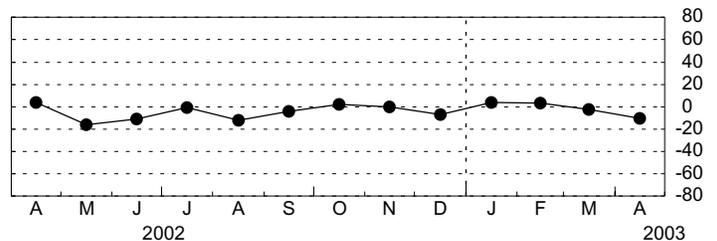
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	18.89	60.00	21.11	-2.22
Apr	19.15	51.06	29.79	-10.64

Inventories - Diffusion Index

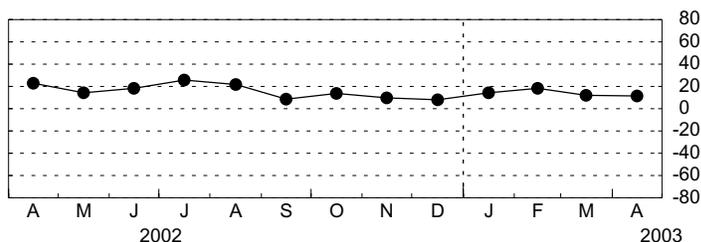


Empire State Manufacturing Survey, April 2003, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	20.00	72.22	7.78	12.22
Apr	23.40	64.89	11.70	11.70

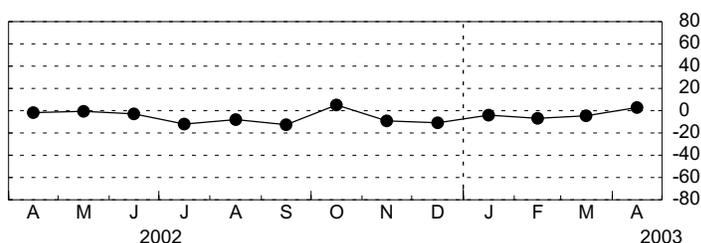
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	10.00	75.56	14.44	-4.44
Apr	13.83	75.18	10.99	2.84

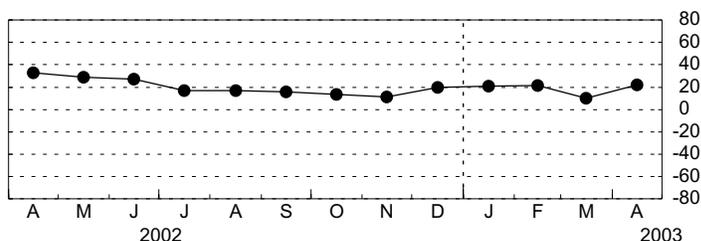
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	23.33	63.33	13.33	10.00
Apr	32.97	56.04	10.99	21.98

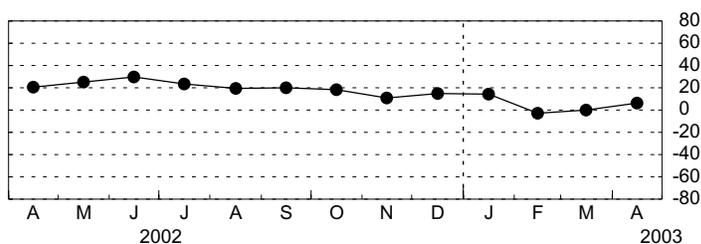
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	12.60	75.05	12.35	0.24
Apr	19.80	66.61	13.59	6.20

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	24.44	61.11	14.44	10.00
Apr	23.40	63.41	13.19	10.22

Capital Expenditures - Diffusion Index

