

# September 2002

## Empire State Manufacturing

### Survey



#### Summary

The *Empire State Manufacturing Survey* indicates that conditions in New York's manufacturing sector changed little from August to September. The general business conditions index fell from 5.9 last month to 1.9, indicating that the percentage of respondents that saw conditions improve was slightly higher than the percentage that saw conditions worsen. During the same period, the shipments index rose from 1.9 to 8.1, and the new orders index rose to 14.3. The inventories index fell to -9.1. Pricing pressures remained evident: the prices paid index was 4.6 and the prices received index -10.5.

Respondents continued to be optimistic about future business conditions; 66 percent expected improvement in six months. Future indexes for general business conditions, new orders, and shipments were all above 60.

#### Outlook on Business Conditions Split

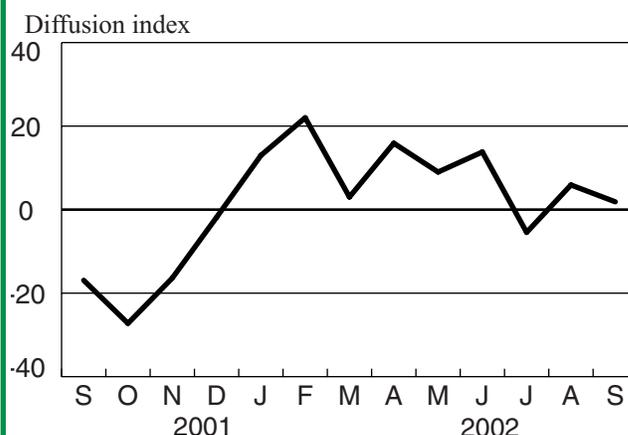
The general business conditions index remained barely positive in September, falling to 1.9. More than half of the respondents found conditions unchanged; 24 percent saw improvement and 22 percent said conditions had deteriorated from last month. The new orders index rose significantly—from 1.9 last month to 8.1, its highest level since June—with 30 percent reporting an increase in new orders. A rise was reported in the shipments index as well, from 6.4 to 14.3. Although the unfilled orders index remained negative, continuing a near year-long pattern, it improved from -16.2 to -4.8. Twenty-six percent of respondents indicated that unfilled orders were lower last month, but only 14 percent said the same for September.

Delivery times were reported as longer by 6 percent of respondents, a significant change from last month when none did so, although the index remained in negative territory. The inventories index fell from -2.5 to -9.1, with only 16 percent indicating a rise in inventory levels.

#### Pricing Environment Still Unfavorable

Pricing pressures, although significant, were less severe than they have been for the last several months. The prices paid index was positive, but fell from 14.8 to 4.6. The vast majority of respondents, 80 percent, saw no change in prices paid from last month; about 12 percent reported an increase while 8 percent reported a decrease. The prices received index was negative and close to last month's level at -10.0.

#### General Business Conditions



Employment indexes were mixed. The number of employees index remained negative, at -3.1. But there was a rise in the average workweek index, from -6.2 last month to 2.7, bringing this index into positive territory.

#### Great Expectations

The forward indexes for general business conditions, new orders, and shipments—all above 60—showed continuing strength. Sixty-six percent of respondents expected business conditions to be better in six months, and only 4 percent expected conditions to be worse; 67 percent expected new orders and shipments to rise. The future inventories index was around zero, with 22 percent expecting inventories to rise and the same percent expecting them to fall.

Pricing pressures were expected to continue. Prices paid were expected to be higher in six months by 21 percent of respondents; 71 percent expected no change. The future prices received index remained negative, with 23 percent expecting to pay lower prices. Future employment indexes were positive, although the number of employees index has been steadily falling for the past three months. The capital expenditures index rose to 26.8, reaching its highest level since March.

#### 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.

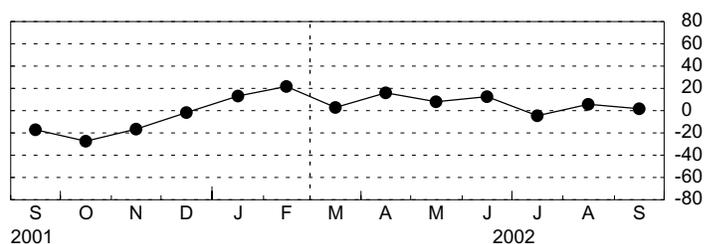
# Empire State Manufacturing Survey, September 2002

Seasonally Adjusted

## General Business Conditions

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 26.40         | 56.30       | 20.50        | 5.90         |
| Sep | 23.57         | 53.02       | 21.70        | 1.87         |

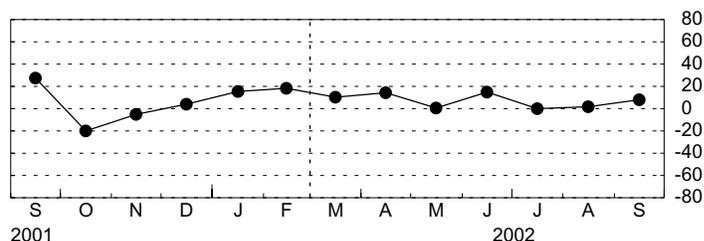
## General Business Conditions - Diffusion Index



## New Orders

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 24.20         | 52.40       | 22.30        | 1.90         |
| Sep | 29.55         | 47.84       | 21.50        | 8.05         |

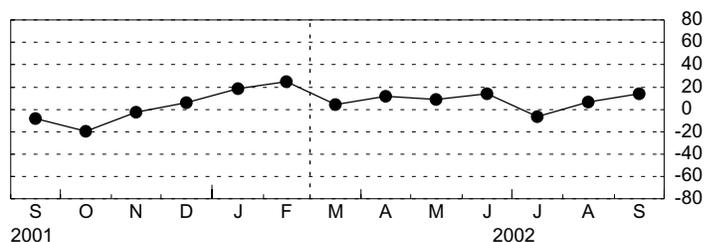
## New Orders - Diffusion Index



## Shipments

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 29.10         | 48.20       | 22.70        | 6.40         |
| Sep | 33.64         | 46.80       | 19.35        | 14.29        |

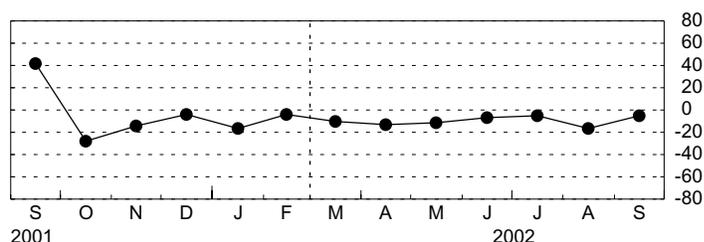
## Shipments - Diffusion Index



## Unfilled Orders

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 9.70          | 64.40       | 25.90        | -16.20       |
| Sep | 9.21          | 77.78       | 14.01        | -4.80        |

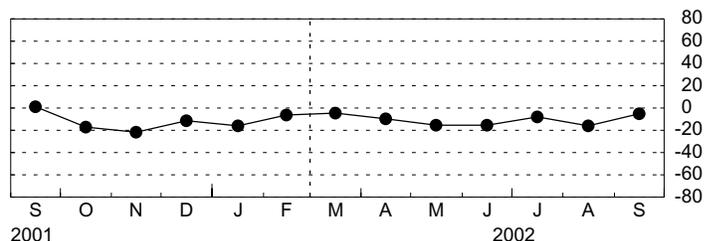
## Unfilled Orders - Diffusion Index



## Delivery Time

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | -0.50         | 85.20       | 15.30        | -15.80       |
| Sep | 6.33          | 78.82       | 11.25        | -4.92        |

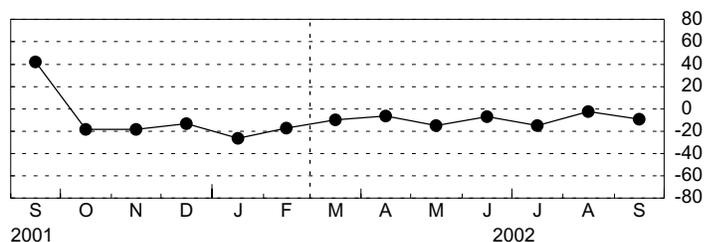
## Delivery Time - Diffusion Index



## Inventories

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 19.00         | 60.50       | 21.50        | -2.50        |
| Sep | 16.14         | 57.63       | 25.23        | -9.09        |

## Inventories - Diffusion Index

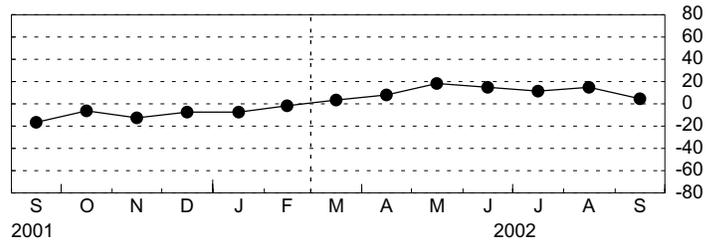


## Empire State Manufacturing Survey, September 2002 Seasonally Adjusted

### Prices Paid

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 19.40         | 75.70       | 4.60         | 14.80        |
| Sep | 12.38         | 79.79       | 7.83         | 4.55         |

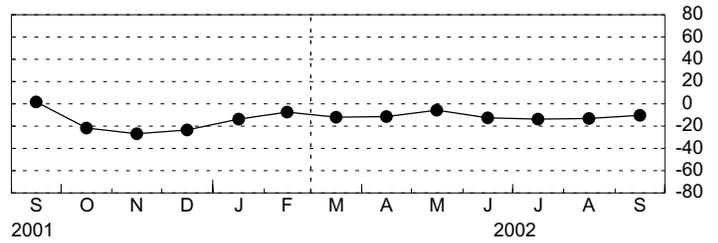
**Prices Paid - Diffusion Index**



### Prices Received

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 3.90          | 78.80       | 17.00        | -13.10       |
| Sep | 7.75          | 73.74       | 18.21        | -10.46       |

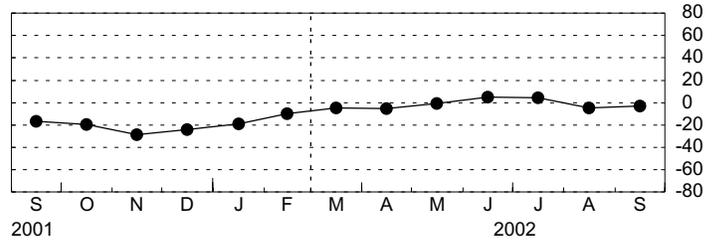
**Prices Received - Diffusion Index**



### No. of Employees

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 16.10         | 64.10       | 20.80        | -4.70        |
| Sep | 18.32         | 60.48       | 21.40        | -3.08        |

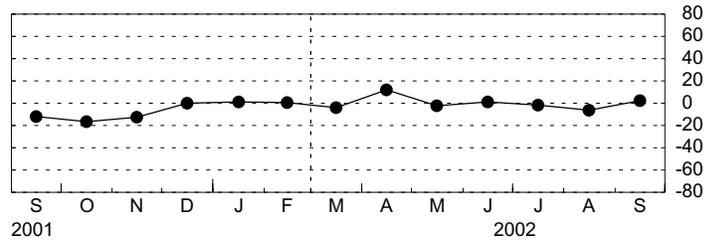
**No. of Employees - Diffusion Index**



### Average Employee Workweek

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 6.80          | 79.70       | 13.00        | -6.20        |
| Sep | 14.47         | 73.43       | 11.80        | 2.67         |

**Average Employee Workweek - Diffusion Index**

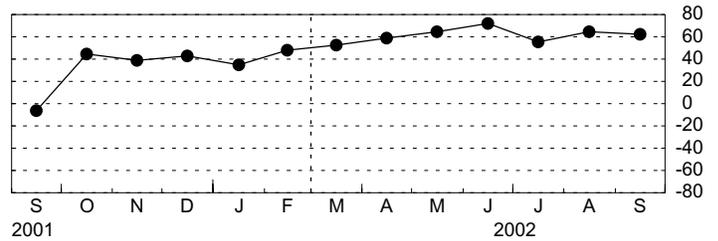


# Empire State Manufacturing Survey, September 2002, Expectations Six Months Ahead Seasonally Adjusted

## General Business Conditions

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 66.20         | 31.50       | 1.70         | 64.50        |
| Sep | 65.94         | 32.97       | 3.69         | 62.24        |

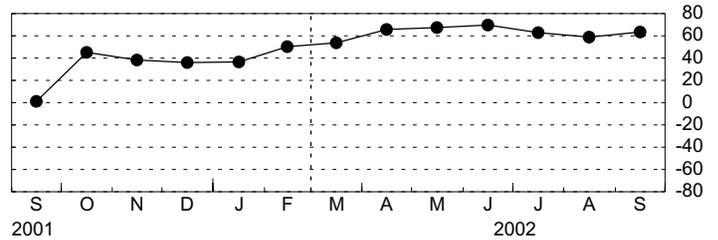
## General Business Conditions - Diffusion Index



## New Orders

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 63.30         | 31.60       | 4.40         | 58.90        |
| Sep | 67.23         | 33.08       | 3.79         | 63.43        |

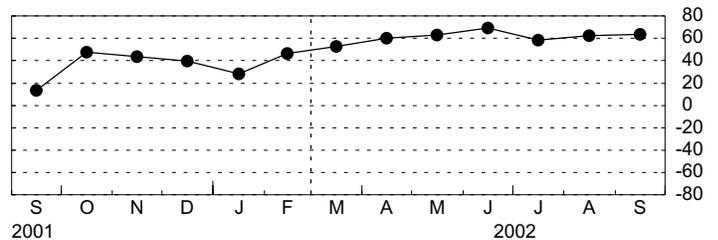
## New Orders - Diffusion Index



## Shipments

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 64.20         | 34.60       | 1.80         | 62.40        |
| Sep | 66.55         | 32.97       | 2.68         | 63.86        |

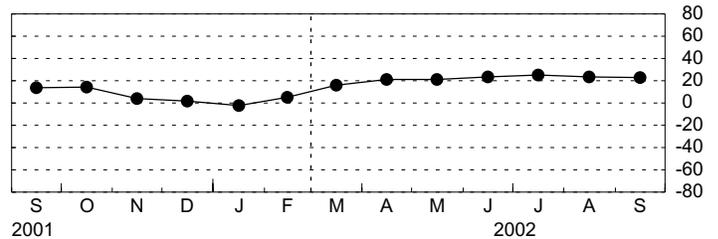
## Shipments - Diffusion Index



## Unfilled Orders

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 33.30         | 58.30       | 9.70         | 23.60        |
| Sep | 26.79         | 67.21       | 4.00         | 22.79        |

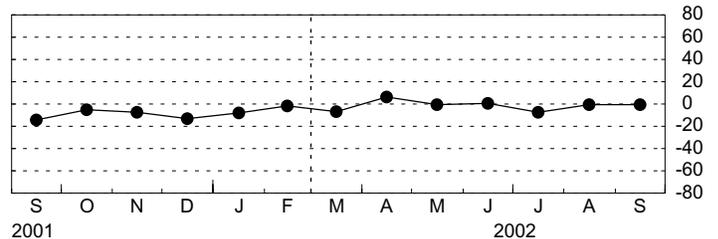
## Unfilled Orders - Diffusion Index



## Delivery Time

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 12.00         | 76.30       | 12.70        | -0.70        |
| Sep | 10.61         | 77.65       | 11.34        | -0.73        |

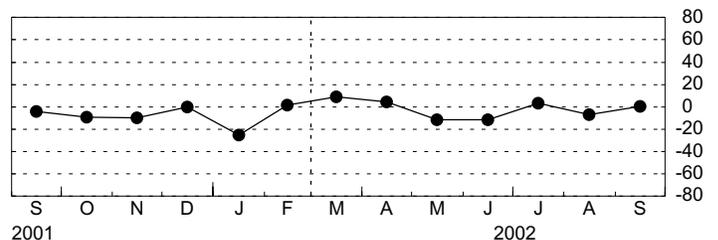
## Delivery Time - Diffusion Index



## Inventories

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 17.20         | 58.10       | 24.40        | -7.20        |
| Sep | 22.40         | 57.24       | 21.86        | 0.54         |

## Inventories - Diffusion Index

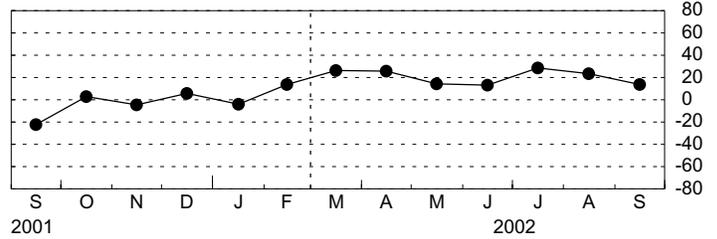


# Empire State Manufacturing Survey, September 2002, Expectations Six Months Ahead Seasonally Adjusted

## Prices Paid

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 26.60         | 69.90       | 3.30         | 23.30        |
| Sep | 21.30         | 70.81       | 7.69         | 13.61        |

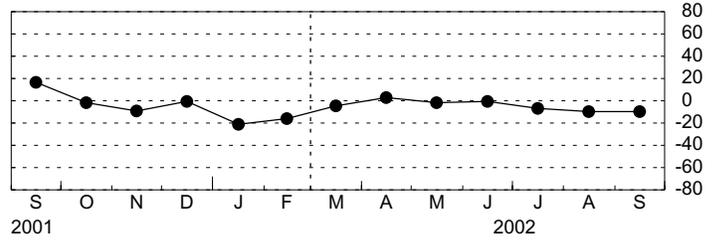
Prices Paid - Diffusion Index



## Prices Received

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 13.60         | 63.30       | 23.30        | -9.70        |
| Sep | 13.60         | 63.93       | 23.17        | -9.57        |

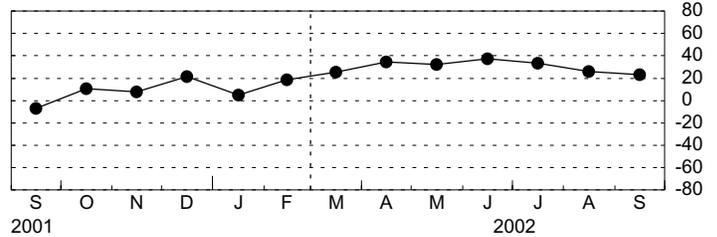
Prices Received - Diffusion Index



## No. of Employees

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 37.80         | 51.50       | 11.70        | 26.10        |
| Sep | 35.88         | 50.48       | 12.44        | 23.44        |

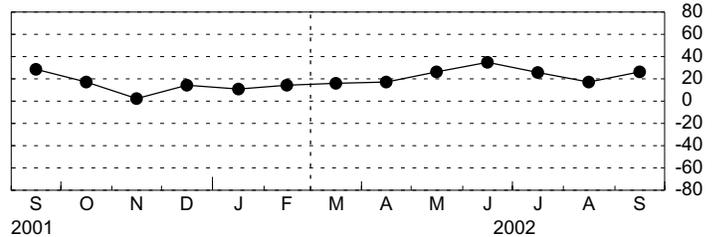
No. of Employees - Diffusion Index



## Average Employee Workweek

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 25.50         | 63.10       | 8.30         | 17.20        |
| Sep | 28.68         | 69.70       | 2.52         | 26.16        |

Average Employee Workweek - Diffusion Index



## Capital Expenditures

|     | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Aug | 28.30         | 56.30       | 14.60        | 13.70        |
| Sep | 34.35         | 59.63       | 7.52         | 26.83        |

Capital Expenditures - Diffusion Index

