

Supplemental Report:

Manufacturers Anticipate Increased Borrowing Needs, See Slight Decline in Credit Availability

Supplementary questions in the October 2012 *Empire State Manufacturing Survey* focused on recent and expected changes in firms' borrowing needs and credit availability. Parallel questions had been asked in previous surveys—most recently, in the March 2012 and October 2011 surveys.

As in these earlier surveys, a majority of respondents in the latest survey reported no change in borrowing needs. Still, the share of respondents reported rising borrowing needs over the past year exceeded the share reporting declining needs: 26 percent said that their borrowing needs had increased in the past year, while just 16 percent said they had decreased. This breakdown is almost identical to that in March's survey. When asked about changes over the past three months, however, just

17 percent of respondents reported that borrowing needs had increased, while 12 percent said that they had declined. Looking ahead, 24 percent of manufacturers indicated that they expected borrowing needs to be higher a year from now, whereas just 10 percent anticipated lower borrowing needs.

Queried about changes in credit availability, the vast majority of respondents reported no change—both over the past three months and over the past twelve months. However, the share of manufacturers reporting a tightening in credit was almost twice that reporting an easing in credit. This finding contrasts somewhat with survey results from March, when the percentage of respondents reporting easier credit matched the percentage reporting tighter credit. In last October's

survey, however, substantially more manufacturers noted a tightening than an easing of credit. Looking ahead to expected credit availability over the next year, three in four manufacturers anticipated no change. As in March's survey, those expecting some change were fairly evenly split: 13 percent predicted some tightening in credit, while 12 percent anticipated some easing.

Firms reported some decline in borrowing costs, on net, over the past three months: 17 percent indicated declining costs, while just 7 percent noted increasing costs; the large majority (77 percent) reported no change. Net declines in borrowing costs were also seen in the March 2012 and October 2011 surveys. Nearly 90 percent of respondents reported no change in limits (ceilings) on existing lines of credit over the past three months. ■

Supplemental Report, *continued*

QUESTION 1

How do your current borrowing needs compare with those three months earlier? Twelve months earlier? How do you expect them to change over the next twelve months?

Component	October 2012 Survey			March 2012 Survey			October 2011 Survey		
	Percentage of Firms Responding . . .			Percentage of Firms Responding . . .			Percentage of Firms Responding . . .		
	Lower Now	Same	Higher Now	Lower Now	Same	Higher Now	Lower Now	Same	Higher Now
Now compared with three months earlier	12.1	71.4	16.5	10.4	70.1	19.5	20.5	68.2	11.4
Now compared with twelve months earlier	15.6	58.9	25.6	16.7	57.7	25.6	16.1	64.4	19.5
Over the next twelve months	9.9	65.9	24.2	12.7	57.0	30.4	N.A.	N.A.	N.A.

QUESTION 2

How has credit availability changed over the past three months? Past twelve months? How do you expect it to change over the next twelve months?

Component	October 2012 Survey			March 2012 Survey			October 2011 Survey		
	Percentage of Firms Responding . . .			Percentage of Firms Responding . . .			Percentage of Firms Responding . . .		
	Easier	Same	Tighter	Easier	Same	Tighter	Easier	Same	Tighter
Over the past three months	4.4	87.8	7.8	11.3	78.8	10.0	4.6	82.8	12.6
Over the past twelve months	7.8	77.8	14.4	13.8	72.5	13.8	6.8	72.7	20.5
Over the next twelve months	12.1	74.7	13.2	18.8	62.5	18.8	N.A.	N.A.	N.A.

QUESTION 3

In your experience, how have banks' requirements to extend business loans and/or credit lines changed over the past three months?

	October 2012	March 2012	October 2011
	Percentage of Firms Responding . . .		
Much easier now	0.0	0.0	2.4
Somewhat easier now	6.7	10.0	4.9
Same	76.4	76.3	72.0
Somewhat tighter now	12.4	12.5	20.7
Much tighter now	4.5	1.3	0.0

QUESTION 4

Also in your experience, how has the cost of borrowing funds changed over the past three months?

	October 2012	March 2012	October 2011
	Percentage of Firms Responding . . .		
Much lower now	0.0	0.0	1.2
Lower now	16.7	13.9	19.3
Same	76.7	74.7	67.5
Higher now	5.6	11.4	12.0
Much higher now	1.1	0.0	0.0

QUESTION 5

Again in your experience, how have the limits (ceilings) on existing business lines of credit changed over the past three months? Credit limits have become:

	October 2012	March 2012	October 2011
	Percentage of Firms Responding . . .		
Much lower now	2.2	1.3	4.7
Lower now	3.3	7.5	9.4
Same	87.9	80.0	82.4
Higher now	6.6	11.3	3.5
Much higher now	0.0	0.0	0.0