

## Empire State Manufacturing Survey: Supplemental Report

September 2007

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### Manufacturers Anticipate Smaller Price Hikes in Year Ahead

In a series of supplementary questions to the September *Empire State Manufacturing Survey*, manufacturers were asked how much their overall selling prices had changed over the past year and how much they expected their prices to rise or fall in the future; they were also asked to assess the probability that prices would rise or fall by certain specified amounts. Identical questions were asked in the September 2006 survey.

Respondents indicated that during the past twelve months, prices rose 2.0 percent, on average, compared with 3.6 percent in the September 2006 survey (see table). Looking ahead to 2008, respondents expect prices to rise just 1.7 percent, on average, compared with last year's expected price rise of 3.0 percent. Approximately two out of three respondents plan to hike prices by less than 4 percent or leave them unchanged; one in ten expects to lower prices.

When asked a separate question about the probability of specified price changes over the next twelve months, the average respondent indicated a 40 percent chance that prices would remain within 2 percent of their current levels, and a 43 percent chance that they would rise between 2 and 8 percent. Manufacturers, on average, indicated a nearly 10 percent chance that their selling prices would fall, and a 7 percent chance that they would rise by more than 8 percent. These results are not substantially different than those found in the September 2006 survey.

1) By how much have your selling prices changed, on average, over the <i>past year</i> ?	September 2007 Survey	September 2006 Survey
Average percentage change	2.0	3.6
Median percentage change	1.0	3.0
2) By how much do you expect your selling prices to change, on average, over the <i>next year</i> ?		
Average percentage change	1.7	3.0
Median percentage change	2.0	2.5
3) What is the percent chance that, over the next twelve months, your selling prices will:	September 2007 Survey <i>Percent Chance*</i>	September 2006 Survey <i>Percent Chance*</i>
Increase by 15% or more	1.0	1.4
Increase by 8%–15%	6.0	7.0
Increase by 2%–8%	43.1	40.8
Stay within 2% of current levels	40.4	41.5
Decrease by 2%–8%	7.4	7.4
Decrease by 8% or more	2.1	1.8

\*Survey respondents were asked to assign a specific percent chance to each possible outcome; the figures for question 3 reflect the average indicated percent chance across all respondents.