Empire State Manufacturing Survey

Note: Survey responses were collected between January 3 and January 10.

Business activity dropped sharply in New York State, according to firms responding to the January 2024 *Empire State Manufacturing Survey*. The headline general business conditions index fell twenty-nine points to -43.7, its lowest reading since May 2020. New orders and shipments also posted sharp declines. Unfilled orders continued to shrink significantly, and delivery times continued to shorten. Inventories edged lower. Employment and the average workweek declined modestly. The pace of input price increases picked up somewhat, while the pace of selling price increases was little changed. While firms expect conditions to improve over the next six months, optimism remained subdued.

ECONOMIST COMMENTARY

"New York manufacturing activity fell sharply in January following a significant decline in December. While the survey's headline index has fluctuated in recent months, this outsized drop suggests January was a difficult month for New York manufacturers, with employment and hours worked also contracting."

~Richard Deitz, Economic Research Advisor at the New York Fed

Headline Index Plummets

Manufacturing activity shrank significantly in New York State, according to the January survey. After falling twenty-four points last month, the general business conditions index shed another twenty-nine points, coming in at -43.7, its lowest level since May 2020. The new orders index fell thirty-eight points to -49.4, and the shipments index fell twenty-five points to -31.3, pointing to a large decline in orders and shipments. The unfilled orders index held steady at -24.2, a sign that unfilled orders continued to fall significantly. The inventories index came in at -7.4, suggesting that inventories shrank modestly, and the delivery times index remained below zero at -8.4, indicating shorter delivery times.

Declines in Employment and Hours Worked

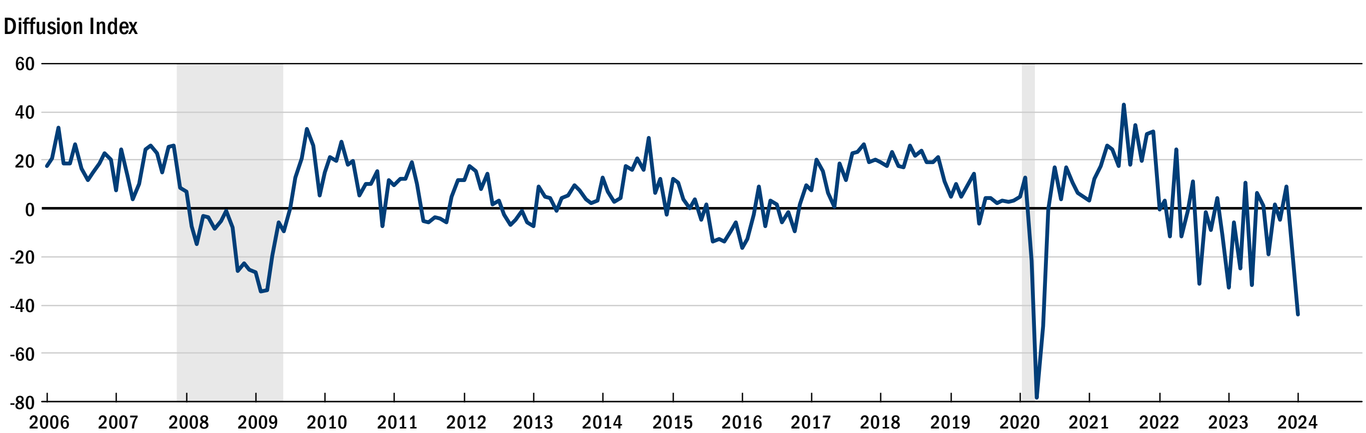
The index for number of employees was little changed at -6.9, and the average workweek index came in at -6.1, pointing to a modest decrease in employment levels and hours worked. The prices paid index climbed seven points to 23.2, signaling a small pickup in input price increases, while the prices received index held steady at 9.5, a sign that selling price increases remained modest.

Optimism Still Subdued

While firms expect some pickup in activity in the months ahead, optimism remained subdued, with the index for future business conditions climbing seven points to 18.8. The capital spending index increased ten points to 13.7, pointing to some improvement in investment plans. ▪

General Business Conditions

Seasonally Adjusted

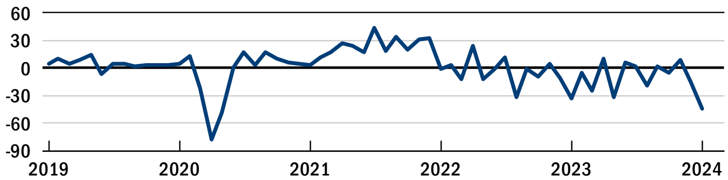


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

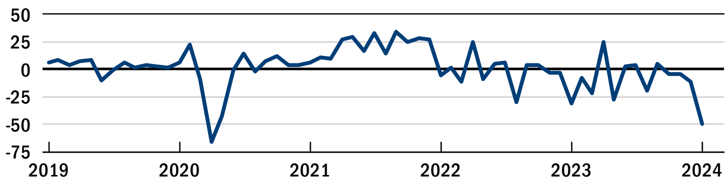
Change from Preceding Month

General Business Conditions



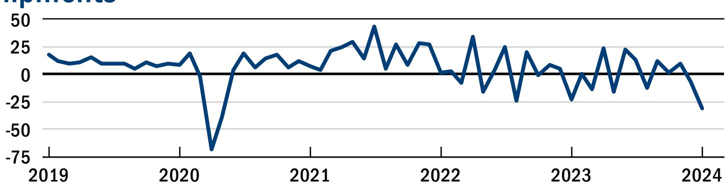
	Percent Reporting		
	Higher	Lower	Index
Dec	17.9	32.4	-14.5
Jan	10.4	54.2	-43.7
Change			-29.2

New Orders



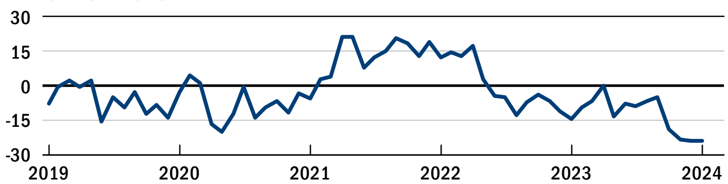
	Percent Reporting		
	Higher	Lower	Index
Dec	20.7	32.0	-11.3
Jan	12.2	61.5	-49.4
Change			-38.1

Shipments



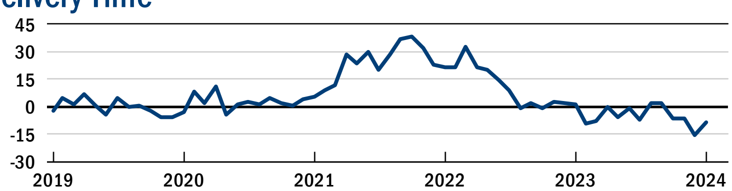
	Percent Reporting		
	Higher	Lower	Index
Dec	23.8	30.2	-6.4
Jan	14.6	45.9	-31.3
Change			-24.9

Unfilled Orders



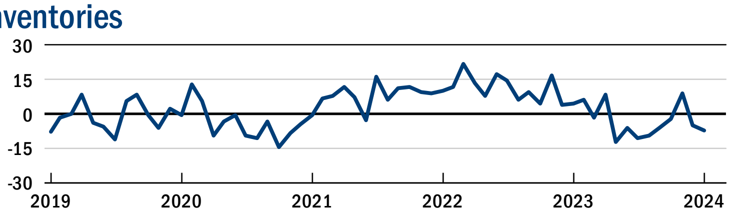
	Percent Reporting		
	Higher	Lower	Index
Dec	8.3	32.3	-24.0
Jan	5.3	29.5	-24.2
Change			-0.2

Delivery Time



	Percent Reporting		
	Higher	Lower	Index
Dec	5.2	20.8	-15.6
Jan	5.3	13.7	-8.4
Change			7.2

Inventories

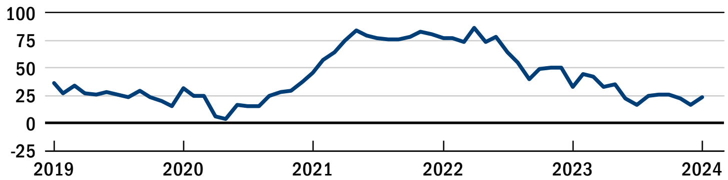


	Percent Reporting		
	Higher	Lower	Index
Dec	22.9	28.1	-5.2
Jan	16.8	24.2	-7.4
Change			-2.2

Current Indicators, *continued*

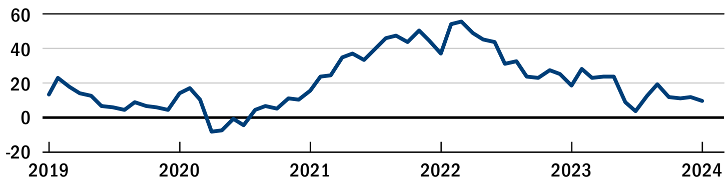
Change from Preceding Month

Prices Paid



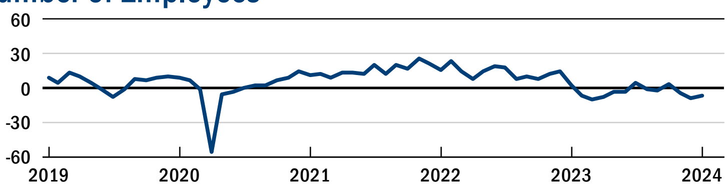
	Percent Reporting		
	Higher	Lower	Index
Dec	26.0	9.4	16.7
Jan	25.3	2.1	23.2
Change			6.5

Prices Received



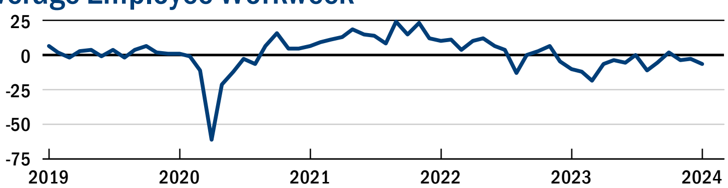
	Percent Reporting		
	Higher	Lower	Index
Dec	15.6	4.2	11.5
Jan	11.6	2.1	9.5
Change			-2.0

Number of Employees



	Percent Reporting		
	Higher	Lower	Index
Dec	7.9	16.3	-8.4
Jan	7.5	14.4	-6.9
Change			1.5

Average Employee Workweek



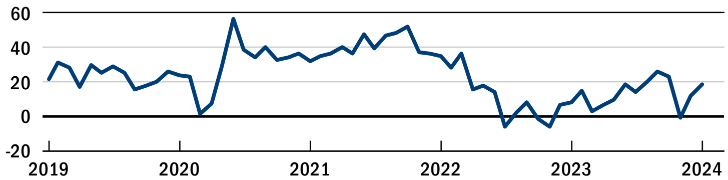
	Percent Reporting		
	Higher	Lower	Index
Dec	7.1	9.5	-2.4
Jan	10.0	16.1	-6.1
Change			-3.7

Note: Data are seasonally adjusted.

Forward-Looking Indicators

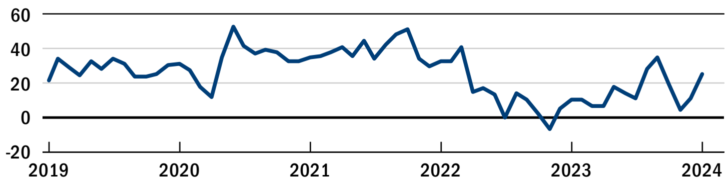
Expectations Six Months Ahead

General Business Conditions



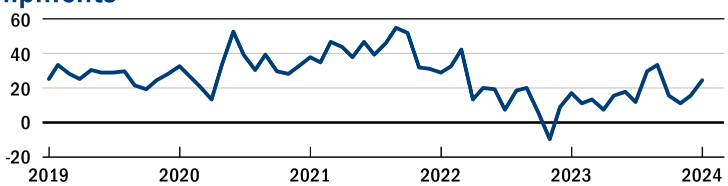
	Percent Reporting		
	Higher	Lower	Index
Dec	32.6	20.5	12.1
Jan	39.9	21.0	18.8
Change			6.7

New Orders



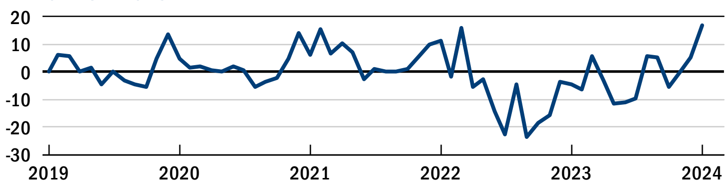
	Percent Reporting		
	Higher	Lower	Index
Dec	34.1	22.8	11.3
Jan	44.0	18.7	25.2
Change			13.9

Shipments



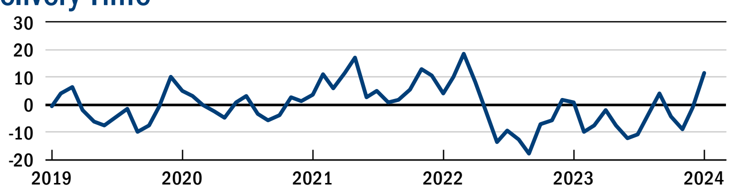
	Percent Reporting		
	Higher	Lower	Index
Dec	32.7	16.9	15.8
Jan	41.5	17.0	24.6
Change			8.8

Unfilled Orders



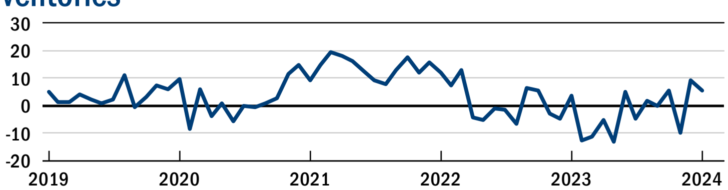
	Percent Reporting		
	Higher	Lower	Index
Dec	16.7	11.5	5.2
Jan	23.2	6.3	16.8
Change			11.6

Delivery Time



	Percent Reporting		
	Higher	Lower	Index
Dec	9.4	10.4	-1.0
Jan	16.8	5.3	11.6
Change			12.6

Inventories

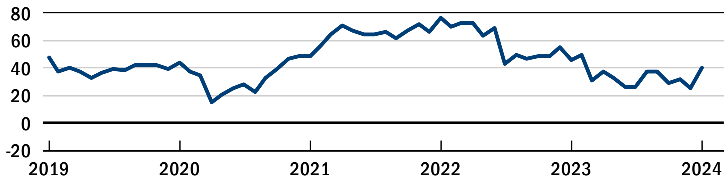


	Percent Reporting		
	Higher	Lower	Index
Dec	25.0	15.6	9.4
Jan	22.1	16.8	5.3
Change			-4.1

Forward-Looking Indicators, *continued*

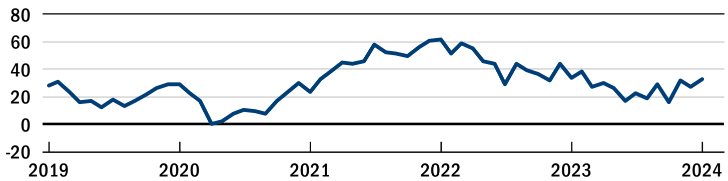
Expectations Six Months Ahead

Prices Paid



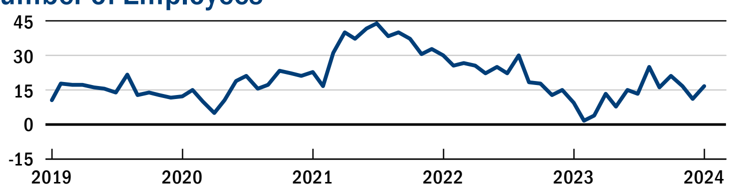
	Percent Reporting		
	Higher	Lower	Index
Dec	32.3	7.3	25.0
Jan	42.1	2.1	40.0
Change			15.0

Prices Received



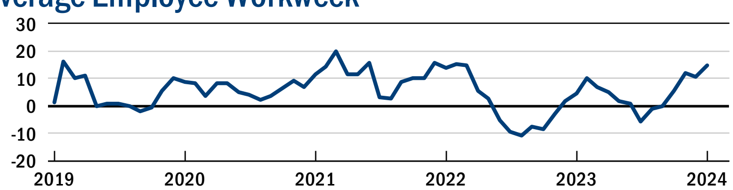
	Percent Reporting		
	Higher	Lower	Index
Dec	33.3	6.3	27.1
Jan	38.9	6.3	32.6
Change			5.5

Number of Employees



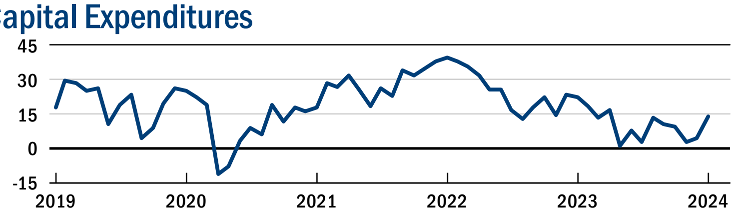
	Percent Reporting		
	Higher	Lower	Index
Dec	21.1	10.1	10.9
Jan	26.9	10.1	16.8
Change			5.9

Average Employee Workweek



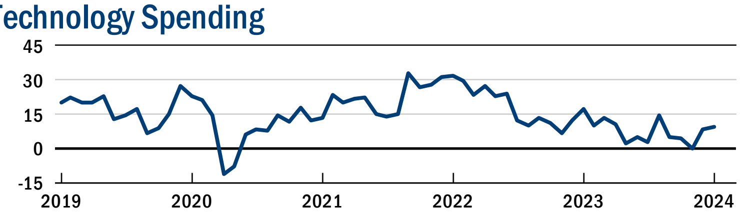
	Percent Reporting		
	Higher	Lower	Index
Dec	15.6	5.2	10.4
Jan	18.9	4.2	14.7
Change			4.3

Capital Expenditures



	Percent Reporting		
	Higher	Lower	Index
Dec	22.9	18.8	4.2
Jan	29.5	15.8	13.7
Change			9.5

Technology Spending



	Percent Reporting		
	Higher	Lower	Index
Dec	18.8	10.4	8.3
Jan	27.4	17.9	9.5
Change			1.2

Note: Data are seasonally adjusted.