

September 2004

Empire State Manufacturing

Survey



For release: September 15, 2004 8:30 a.m.

Summary

The *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers improved at an accelerated pace in September. The general business conditions index rose 15 points, to 28.3. The new orders, shipments, and unfilled orders indexes all bounced back to their relatively high levels of the past year after moderating in August. Price indexes remained elevated and near the levels of the past several months; future price indexes suggest that this pattern is expected to continue. Employment indexes were positive and above August levels. Future indexes rose from their August readings, with the future general business conditions index advancing to its highest level since the beginning of the year. The capital expenditures index indicated continued expansion.

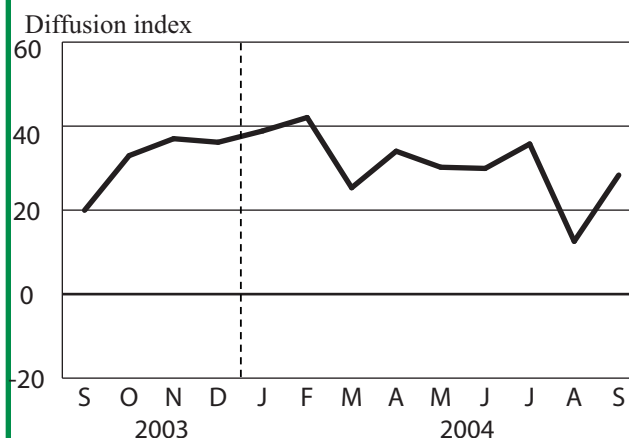
A More Rapid Rate of Growth Returns

After dipping in August, survey indexes returned to their levels of the preceding several months. The general business conditions index rose from 13.2 to 28.3. The increase stemmed primarily from an increase in the percentage of respondents reporting that conditions had improved, from 29 percent last month to 41 percent. Only 13 percent reported that conditions had deteriorated. The new orders index climbed 12 points to 27.4. The shipments index leaped over 20 points, to 33.4, with nearly 50 percent of respondents reporting a rise and 15 percent reporting a decline. After dropping slightly below zero last month, the unfilled orders index returned to positive territory, reaching 12.5. The delivery time index remained just above zero, where it had been since February. The inventories index was just below zero, remaining in the same tight range near zero that it had occupied for most of the past year.

Price Indexes Remain High, Employment Indexes Rise

The prices paid index remained above 50 for a seventh consecutive month. More than half of respondents indicated that prices had risen in September, and 43 percent said that prices had not changed. The prices received index was virtually unchanged from last month at 16.4, with 24 percent raising their selling prices and 7 percent reducing prices. Employment indexes were higher in September. The number of employees index rose to 21.3; 31 percent of respondents had hired more employees while 10 percent had hired fewer. The average workweek index climbed from 6.7 to 17.5, with 27 percent of respondents reporting a longer workweek.

General Business Conditions



High Levels of Optimism Return

The future general business conditions index rose above 60 for the first time since January, with 67 percent of respondents expecting conditions to improve in six months, and only 5 percent expecting conditions to worsen. The future new orders index was 53.6, while the future shipments index advanced to 59.7. After dipping during the prior two months, the future unfilled orders index also rose, reaching 14.8. The future delivery time and inventories indexes were slightly below zero. Future price indexes were elevated – the future prices paid index topped 60 for the first time in the survey's history, with 65 percent of respondents expecting prices to be higher in six months. The future prices received index rose to 27.9, with a record 39 percent expecting to receive higher prices in six months. Future employment indexes were positive and higher than last month; 34 percent of respondents expected to have more employees in six months and 28 percent expected a longer workweek. The capital expenditures index rose to 32.0, with 39 percent of respondents planning to boost spending over the next six months.

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.

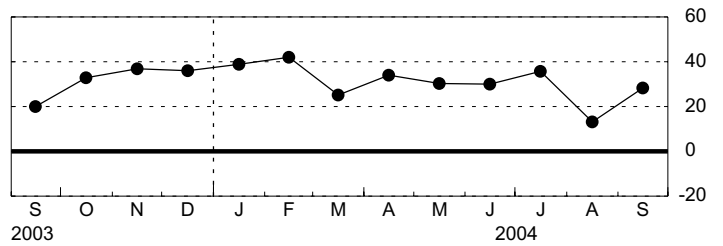
Empire State Manufacturing Survey, September 2004

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	28.94	55.34	15.72	13.22
Sep	41.30	45.74	12.96	28.34

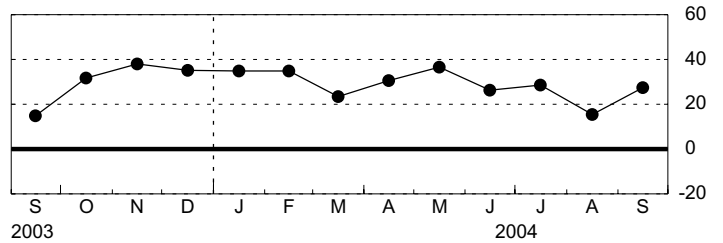
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	34.39	46.71	18.90	15.49
Sep	42.59	42.17	15.23	27.36

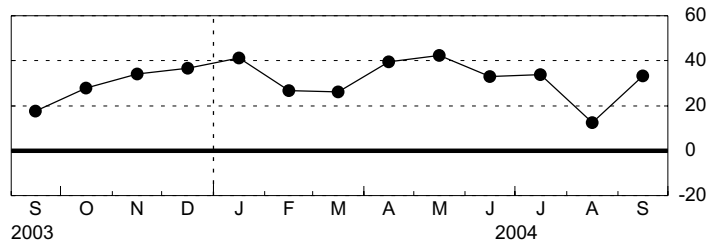
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	34.85	42.78	22.37	12.49
Sep	48.80	35.81	15.39	33.41

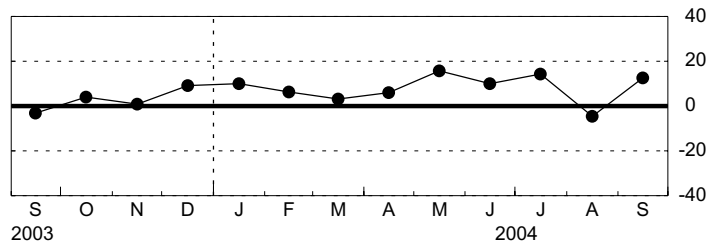
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	13.15	69.12	17.73	-4.58
Sep	22.72	67.06	10.22	12.50

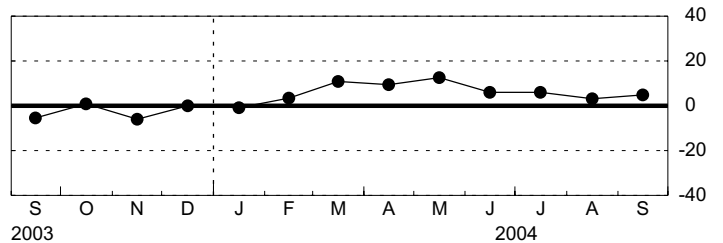
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	11.29	80.65	8.06	3.23
Sep	13.93	77.05	9.02	4.92

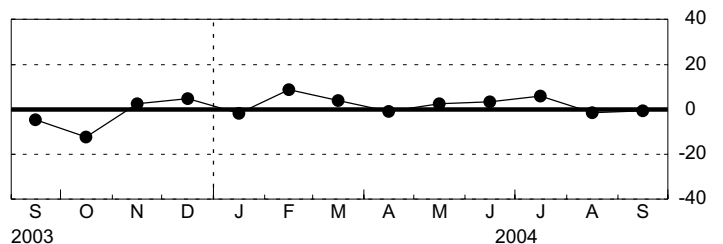
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	19.35	59.68	20.97	-1.61
Sep	21.31	56.56	22.13	-0.82

Inventories - Diffusion Index



Empire State Manufacturing Survey, September 2004

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	52.42	45.16	2.42	50.00
Sep	54.10	43.44	2.46	51.64

Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	21.77	72.58	5.65	16.13
Sep	23.77	68.85	7.38	16.39

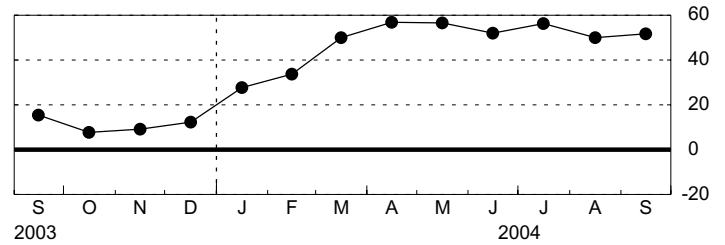
Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	25.70	65.43	8.87	16.83
Sep	31.12	59.05	9.84	21.28

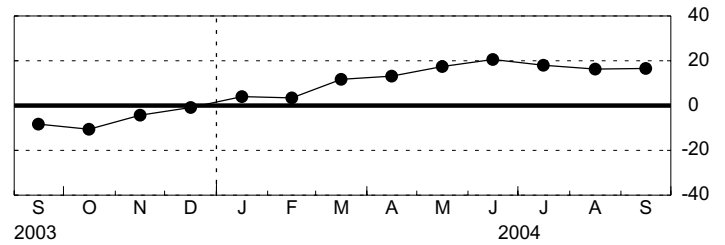
Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	17.19	72.32	10.48	6.71
Sep	27.30	62.87	9.84	17.46

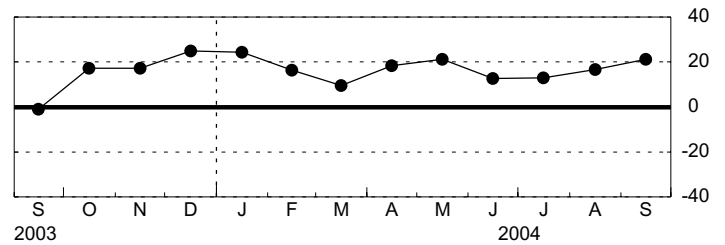
Prices Paid - Diffusion Index



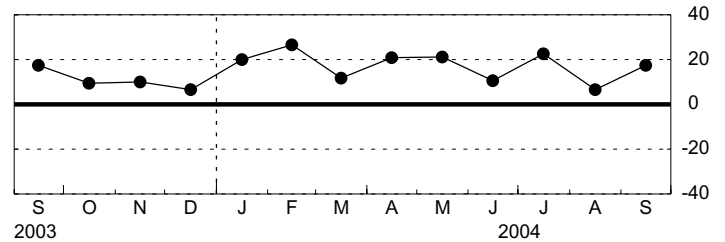
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index

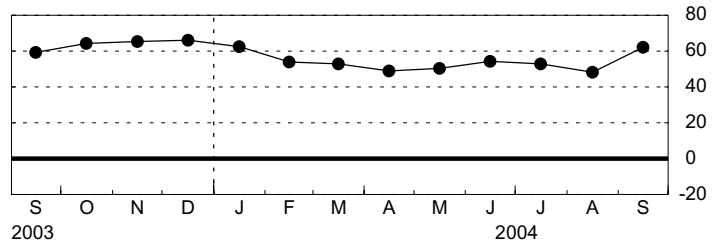


Empire State Manufacturing Survey, September 2004, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	55.40	37.29	7.31	48.09
Sep	67.24	27.61	5.15	62.09

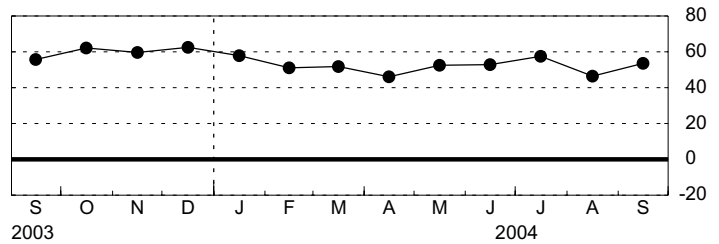
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	55.02	36.33	8.65	46.37
Sep	58.45	36.72	4.83	53.61

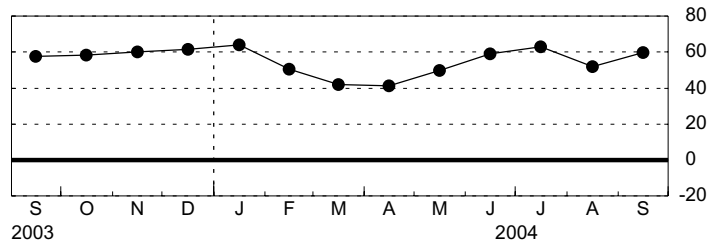
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	58.34	35.39	6.27	52.07
Sep	65.12	29.50	5.39	59.73

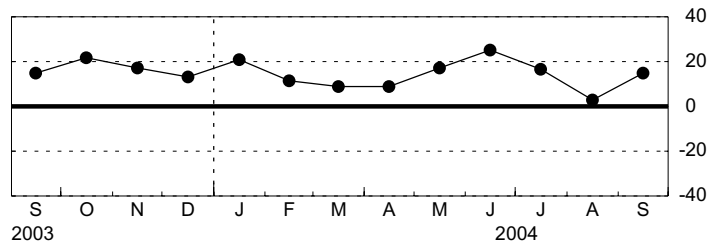
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	16.54	69.95	13.52	3.02
Sep	27.69	59.41	12.90	14.80

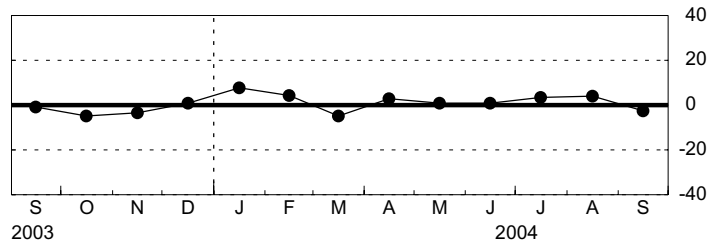
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	9.68	84.68	5.65	4.03
Sep	12.30	72.95	14.75	-2.46

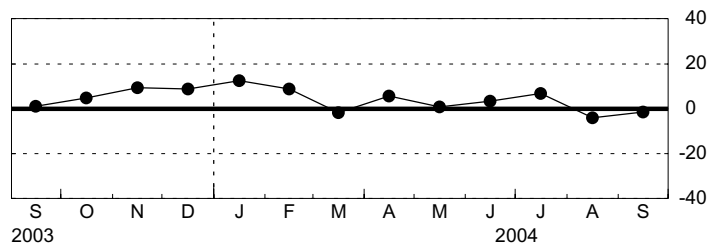
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	20.97	54.03	25.00	-4.03
Sep	20.49	57.38	22.13	-1.64

Inventories - Diffusion Index

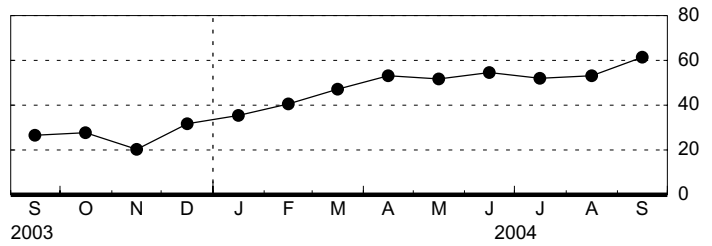


Empire State Manufacturing Survey, September 2004, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	54.84	43.55	1.61	53.23
Sep	64.75	31.97	3.28	61.48

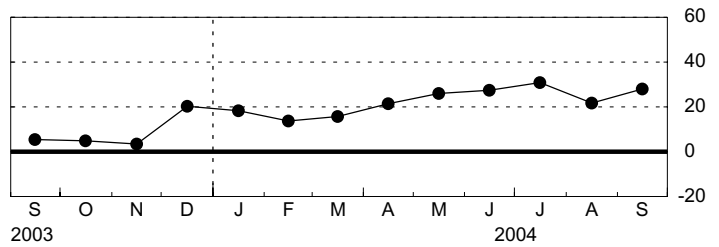
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	30.65	60.48	8.87	21.77
Sep	39.34	49.18	11.48	27.87

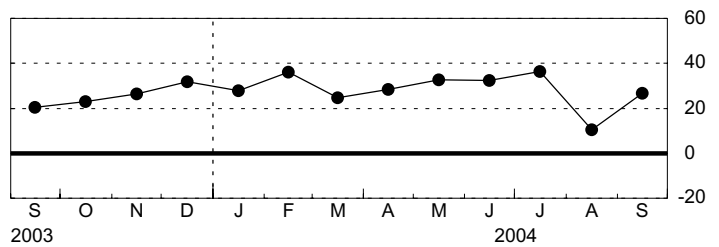
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	24.19	62.02	13.78	10.41
Sep	34.43	57.75	7.82	26.60

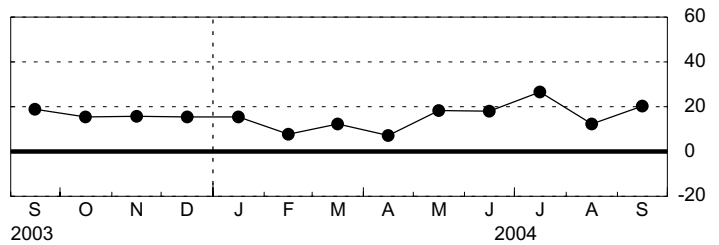
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	20.76	70.77	8.47	12.30
Sep	28.06	64.37	7.57	20.50

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	31.45	58.06	10.48	20.97
Sep	39.34	53.28	7.38	31.97

Capital Expenditures - Diffusion Index

