

Empire State Manufacturing Survey: Supplemental Report

September 2009

For release September 15, 2009

Manufacturers Foresee Little Change in Their Pricing in Year Ahead

In a series of supplementary questions to the September 2009 *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. In addition, they were asked to assess the probability that prices would rise or fall by certain specified amounts. Identical questions had been asked in the September 2008 and earlier surveys.

Respondents indicated that during the past twelve months, their selling prices had declined by 2.1 percent, on average—a sharp contrast with the rise of 4.8 percent reported in the September 2008 survey. Looking ahead to the next twelve months, respondents expected prices to rise 1.9 percent, on average—a more modest increase than the 3.6 percent price rise anticipated last year. Still, 37 percent of respondents planned to raise prices by at least 4 percent, and just 8 percent expected to lower prices.

When asked about the likelihood of certain specified price changes over the next twelve months, respondents on average reported a probability of roughly 50 percent that selling prices would remain within 2 percent of current levels. Firms saw a 39 percent chance, on average, that selling prices would rise 2 percent or more, but just a 10 percent chance that prices would rise at least 8 percent. The chance that prices would decline at least 2 percent was pegged at 12 percent. These results suggest a slightly less inflationary environment than in September 2008 and earlier years.

1) By how much have your selling prices changed, on average, over the *past* year?

	September 2009 Survey	September 2008 Survey
Average percentage change	-2.1	4.8
Median percentage change	0.0	4.0

2) By how much do you expect your selling prices to change, on average, over the *next* year?

	September 2009 Survey	September 2008 Survey
Average percentage change	1.9	3.6
Median percentage change	0.0	3.3

3) What would you say is the percentage chance that, over the next six months, your selling prices will:

	September 2009 Survey Percentage Chance*	September 2008 Survey Percentage Chance*
Decrease 8 percent or more	2.5	0.9
Decrease 2 to 8 percent	9.2	6.2
Stay within 2 percent of where they are now	49.3	24.8
Increase 2 to 8 percent	29.1	50.3
Increase 8 to 15 percent	6.0	14.7
Increase 15 percent or more	3.8	3.0

*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values shown reflect the average indicated percentage chance across all respondents.