

Supplemental Report:

Manufacturers See Increased Borrowing Needs, Little Change in Credit Availability

Supplementary questions in the March 2012 *Empire State Manufacturing Survey* focused on recent and expected changes in firms' borrowing needs and credit availability. Parallel questions were asked in October 2011, March 2011, and earlier surveys.

While a majority of respondents in the latest survey reported no change in borrowing needs, a larger proportion than in earlier surveys indicated a rise in the need to borrow—both over the past three months and over the past year. In the current survey, 26 percent said their borrowing needs had increased in the past year, while just 17 percent reported a decrease. Similarly, just under 20 percent reported that borrowing costs had increased over the past three months, while roughly half as many

said they had declined. Looking ahead, 30 percent of manufacturers indicated that they expect borrowing needs to be higher a year from now, whereas just 13 percent anticipated lower borrowing needs.

In response to questions on expected changes in credit availability in the year ahead, manufacturers were evenly split: 19 percent foresaw tighter credit and the same proportion anticipated easier credit. Respondents were also evenly split over past changes in credit availability—both over the past three months and over the past twelve months. This marks somewhat of a shift from the surveys conducted in October and March 2011, when considerably more firms reported tightening than easing credit.

Firms also reported little change in borrowing costs, on balance, over the past three months: 14 percent indicated declining costs, while 11 percent noted increasing costs; the large majority (75 percent) reported no change. Respondents had reported declining borrowing costs, on balance, in last October's survey, but rising borrowing costs (by a wide margin) in the March 2011 survey. Four out of five respondents reported no change in limits (ceilings) on existing lines of credit over the past three months; those who did indicate some change were about evenly split between higher limits and more restrictive limits. ■

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	March 2012 Survey			October 2011 Survey			March 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	10.4	70.1	19.5	20.5	68.2	11.4	8.1	78.4	13.5
Now compared with twelve months earlier	16.7	57.7	25.6	16.1	64.4	19.5	19.7	60.5	19.7
Over the next twelve months	12.7	57.0	30.4	n.a.	n.a.	n.a.	10.7	64.0	25.3

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	March 2012 Survey			October 2011 Survey			March 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	11.3	78.8	10.0	4.6	82.8	12.6	9.2	76.3	14.5
Over the past twelve months	13.8	72.5	13.8	6.8	72.7	20.5	14.7	64.0	21.3
Over the next twelve months	18.8	62.5	18.8	n.a.	n.a.	n.a.	20.0	66.7	13.3

QUESTION 3

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

	March 2012	October 2011	March 2011
	Percentage of Firms Responding . . .		
Much easier now	0.0	2.4	0.0
Somewhat easier now	10.0	4.9	5.3
Same	76.3	72.0	73.3
Somewhat tighter now	12.5	20.7	17.3
Much tighter now	1.3	0.0	4.0

QUESTION 4

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

	March 2012	October 2011	March 2011
	Percentage of Firms Responding . . .		
Much lower now	0.0	1.2	0.0
Lower now	13.9	19.3	2.6
Same	74.7	67.5	64.5
Higher now	11.4	12.0	31.6
Much higher now	0.0	0.0	1.3

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:

	March 2012	October 2011	March 2011
	Percentage of Firms Responding . . .		
Much lower now	1.3	4.7	2.6
Lower now	7.5	9.4	13.2
Same	80.0	82.4	75.0
Higher now	11.3	3.5	7.9
Much higher now	0.0	0.0	1.3