

Empire State Manufacturing Survey

Business activity continued to grow at a solid clip in New York State, according to firms responding to the March 2017 *Empire State Manufacturing Survey*. The headline general business conditions index edged down two points to 16.4. The new orders index climbed to 21.3, its highest level in several years, pointing to a substantial increase in orders. The shipments index moved down to 11.3, indicating that shipments increased at a slower pace. The unfilled orders index rose to 14.2, its highest level in more than a decade, and delivery times lengthened. Labor market conditions pointed to an increase in both employment and hours worked. Input prices and selling prices increased at a slower pace this month. Indexes assessing the six-month outlook, although generally somewhat lower, continued to convey a high degree of optimism about future conditions.

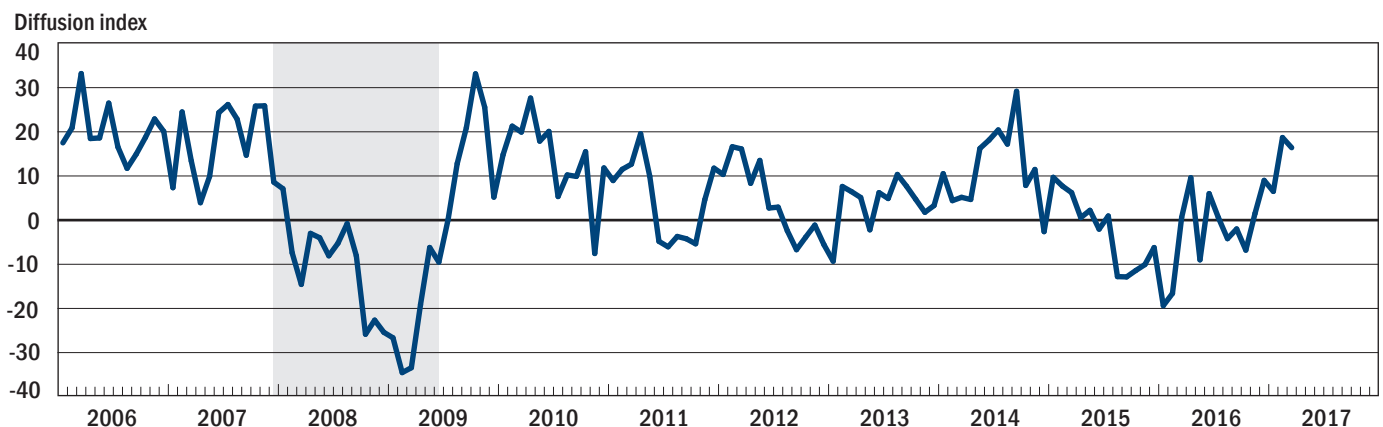
Business Expansion Continues
Manufacturing firms in New York State reported that business activity continued to expand at a steady pace. After reaching its highest level in more than two years last month, the general business conditions index edged down two points to 16.4—its fifth consecutive positive reading. According to 34 percent of respondents, conditions had improved over the month, while 18 percent reported that conditions had worsened. The new orders index climbed eight points to 21.3, its highest level since 2009, pointing to a sizable increase in orders. The shipments index fell seven points to 11.3, indicating that shipments increased at a slower pace. The unfilled orders index rose six points to 14.2, its highest level since 2004. The delivery time index moved up to 10.6, a sign of longer delivery times, and the inventories index dipped below zero, suggesting that inventory levels were slightly lower.

Employment Indexes Climb Further
After turning positive last month, employment indexes continued to march upward, pointing to continued improvement in labor market conditions. The index for number of employees rose to 8.8, and the average workweek index rose to 15.0. Price increases slowed. The prices paid index fell seven points to 31.0, and the prices received index moved down eleven points to 8.8.

Firms Remain Optimistic
Although future indexes were generally lower, indexes assessing the six-month outlook suggested that firms remained highly optimistic about future conditions. The index for future business conditions fell four points to 37.4. Employment and hours worked are expected to increase in the months ahead. The capital expenditures index edged up to 23.9, while the technology spending index fell eight points to 8.0. ■

General Business Conditions

Seasonally Adjusted

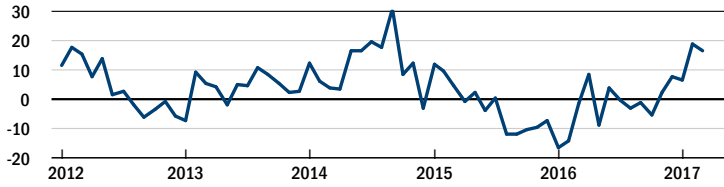


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

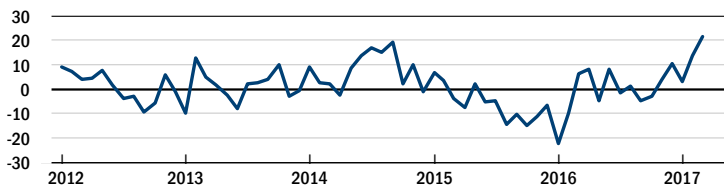
Change from Preceding Month

General Business Conditions



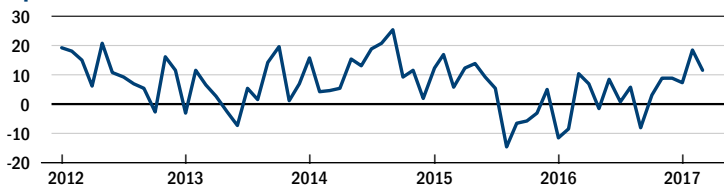
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 32.7 | 14.0 | 18.7 |
| Mar | 34.4 | 18.0 | 16.4 |
| Change | | | -2.3 |

New Orders



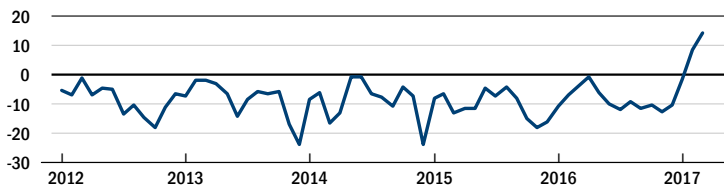
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 36.3 | 22.9 | 13.5 |
| Mar | 39.4 | 18.1 | 21.3 |
| Change | | | 7.8 |

Shipments



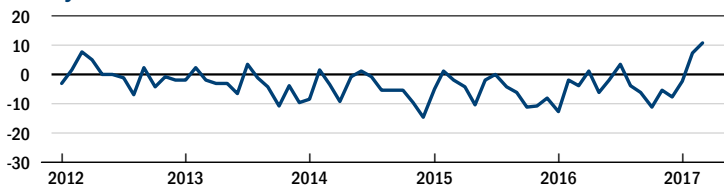
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 38.7 | 20.5 | 18.2 |
| Mar | 30.8 | 19.5 | 11.3 |
| Change | | | -6.9 |

Unfilled Orders



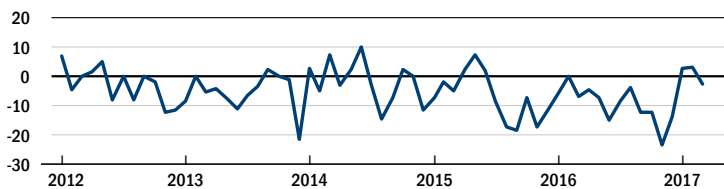
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 18.4 | 10.2 | 8.2 |
| Mar | 23.9 | 9.7 | 14.2 |
| Change | | | 6.0 |

Delivery Time



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 11.2 | 4.1 | 7.1 |
| Mar | 17.7 | 7.1 | 10.6 |
| Change | | | 3.5 |

Inventories

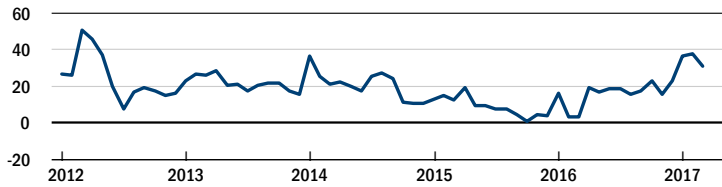


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 20.4 | 17.3 | 3.1 |
| Mar | 21.2 | 23.9 | -2.7 |
| Change | | | -5.8 |

Current Indicators, *continued*

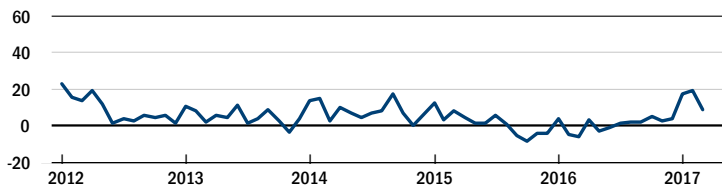
Change from Preceding Month

Prices Paid



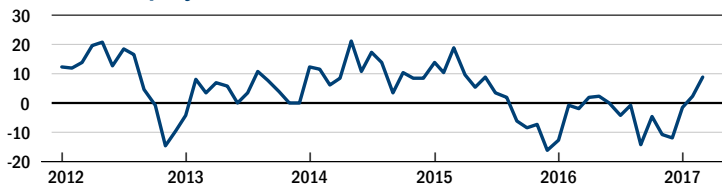
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 40.8 | 3.1 | 37.8 |
| Mar | 33.6 | 2.7 | 31.0 |
| Change | | | -6.8 |

Prices Received



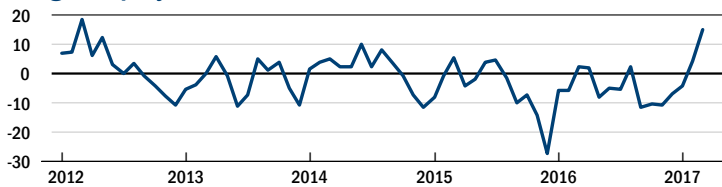
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 20.4 | 1.0 | 19.4 |
| Mar | 15.0 | 6.2 | 8.8 |
| Change | | | -10.6 |

Number of Employees



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 17.3 | 15.3 | 2.0 |
| Mar | 16.8 | 8.0 | 8.8 |
| Change | | | 6.8 |

Average Employee Workweek



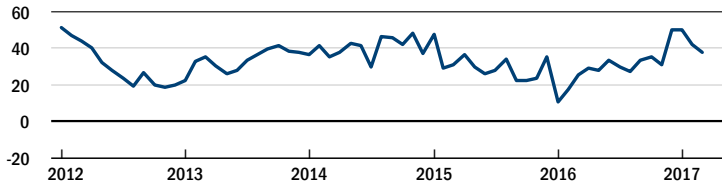
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 13.3 | 9.2 | 4.1 |
| Mar | 22.1 | 7.1 | 15.0 |
| Change | | | 10.9 |

Note: Data are seasonally adjusted.

Forward-Looking Indicators

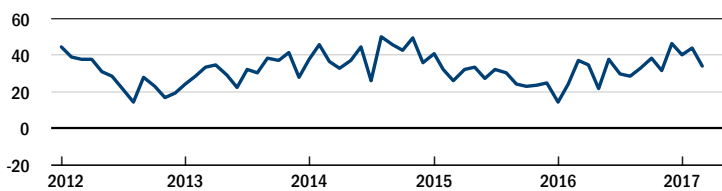
Expectations Six Months Ahead

General Business Conditions



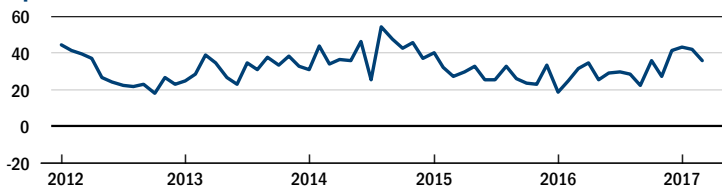
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 50.7 | 9.1 | 41.7 |
| Mar | 52.7 | 15.2 | 37.4 |
| Change | | | -4.3 |

New Orders



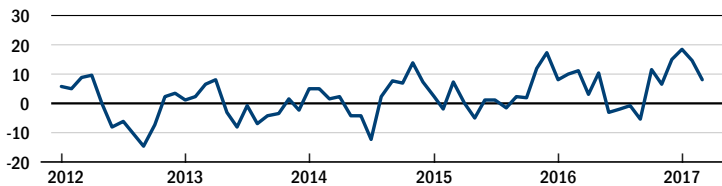
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 55.9 | 12.1 | 43.8 |
| Mar | 52.7 | 18.8 | 33.9 |
| Change | | | -9.9 |

Shipments



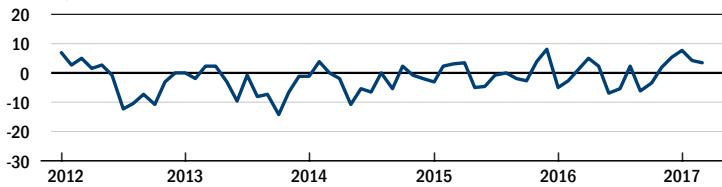
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 54.1 | 12.4 | 41.7 |
| Mar | 50.0 | 14.5 | 35.5 |
| Change | | | -6.2 |

Unfilled Orders



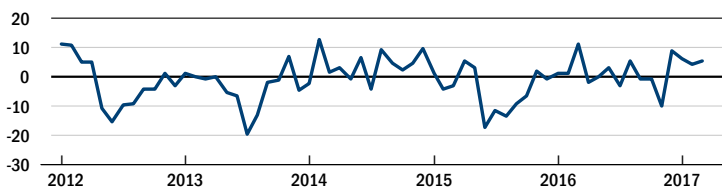
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 22.4 | 8.2 | 14.3 |
| Mar | 16.8 | 8.8 | 8.0 |
| Change | | | -6.3 |

Delivery Time



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 10.2 | 6.1 | 4.1 |
| Mar | 11.5 | 8.0 | 3.5 |
| Change | | | -0.6 |

Inventories

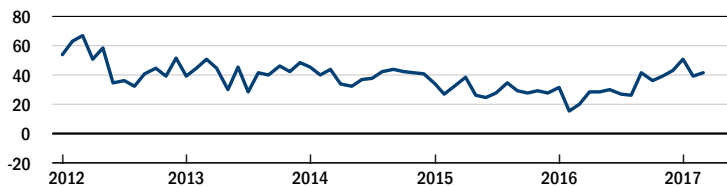


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 25.5 | 21.4 | 4.1 |
| Mar | 22.1 | 16.8 | 5.3 |
| Change | | | 1.2 |

Forward-Looking Indicators, *continued*

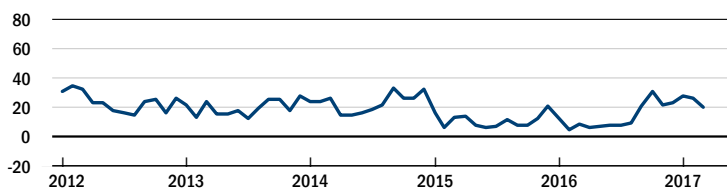
Expectations Six Months Ahead

Prices Paid



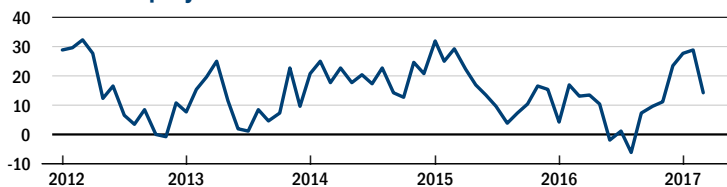
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 43.9 | 5.1 | 38.8 |
| Mar | 46.0 | 4.4 | 41.6 |
| Change | | | 2.8 |

Prices Received



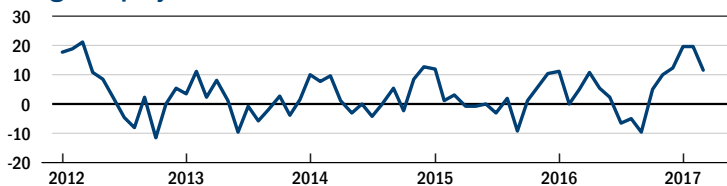
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 30.6 | 5.1 | 25.5 |
| Mar | 31.0 | 11.5 | 19.5 |
| Change | | | -6.0 |

Number of Employees



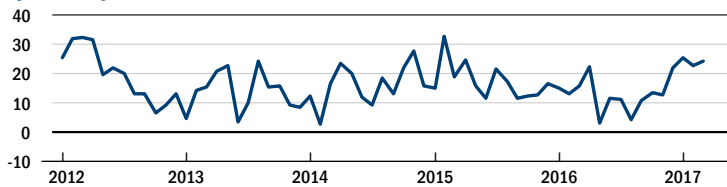
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 35.7 | 7.1 | 28.6 |
| Mar | 24.8 | 10.6 | 14.2 |
| Change | | | -14.4 |

Average Employee Workweek



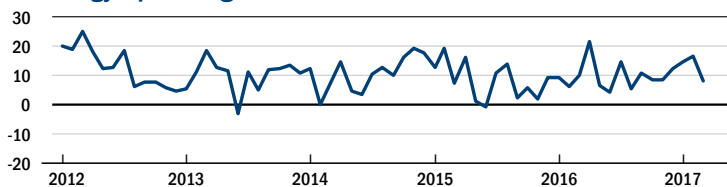
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 25.5 | 6.1 | 19.4 |
| Mar | 17.7 | 6.2 | 11.5 |
| Change | | | -7.9 |

Capital Expenditures



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 28.6 | 6.1 | 22.4 |
| Mar | 31.0 | 7.1 | 23.9 |
| Change | | | 1.5 |

Technology Spending



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Feb | 23.5 | 7.1 | 16.3 |
| Mar | 16.8 | 8.8 | 8.0 |
| Change | | | -8.3 |

Note: Data are seasonally adjusted.