

# Empire State Manufacturing Survey

Business activity grew modestly in New York State, according to firms responding to the December 2016 *Empire State Manufacturing Survey*. The headline general business conditions index climbed eight points to 9.0. The new orders index rose to 11.4, and the shipments index was unchanged at 8.5. Labor market conditions remained weak, with manufacturers reporting declines in employment and hours worked. Inventories continued to fall, and delivery times shortened. The prices paid index rose seven points, pointing to a pickup in input price increases, while the prices received index showed only a slight increase in selling prices. Indexes for the six-month outlook conveyed a high degree of optimism about future

conditions, with the index for future business conditions rising to its highest level in nearly five years.

## Business Activity Picks Up

Manufacturing firms in New York State reported that business activity expanded in December. The general business conditions index rose eight points to 9.0, its highest level since April. Thirty-two percent of respondents reported that conditions had improved over the month, while 23 percent reported that conditions had worsened. The new orders index climbed eight points to 11.4, indicating that orders increased at a solid clip, and the shipments index held steady at 8.5, pointing to an ongoing increase in shipments. The unfilled orders index edged two points higher to -10.4, and at -7.8, the delivery time index signaled shorter

delivery times. The inventories index remained negative, indicating that inventory levels continued to fall, though at a slower pace than last month.

## Labor Market Conditions Remain Weak

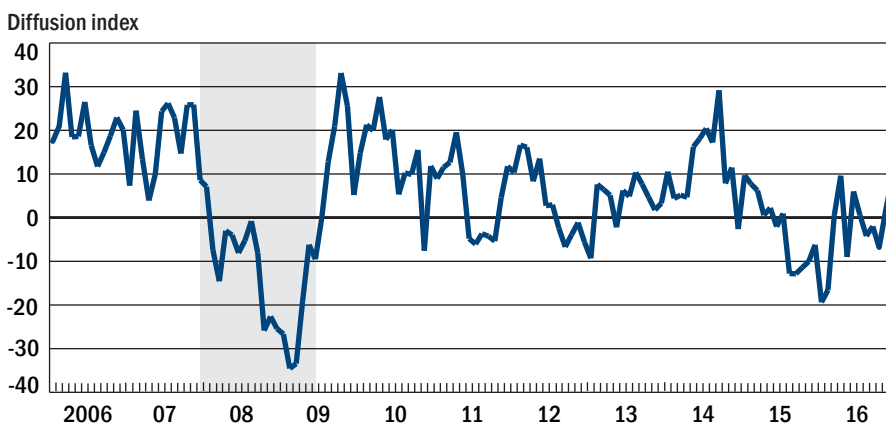
As in November, both employment indexes remained negative in December. The index for number of employees was little changed at -12.2, a sign that employment levels continued to wane, and the average workweek index, at -7.0, pointed to a decline in hours worked. The prices paid index rose seven points to 22.6, indicating that input price increases accelerated, and the prices received index held steady at 3.5, signaling another small increase in selling prices this month.

## Firms Highly Optimistic about the Future

Indexes for the six-month outlook strengthened, and suggested that respondents were very optimistic about future conditions. The index for future business conditions shot up twenty points to 50.2, its highest level in nearly five years, with 61 percent of respondents expecting conditions to improve in the months ahead. The index for future new orders climbed eighteen points to 46.7, and the index for future shipments increased fourteen points to 40.1. The index for future employment indicated that firms expected to expand employment significantly. The capital expenditures index climbed nine points to 21.7, and the technology spending index rose four points to 12.2. ■

## General Business Conditions

Seasonally Adjusted

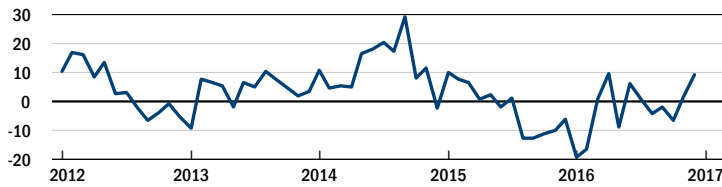


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

# Current Indicators

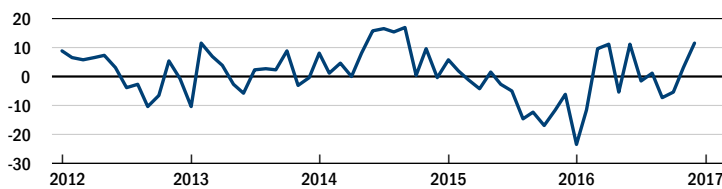
Change from Preceding Month

## General Business Conditions



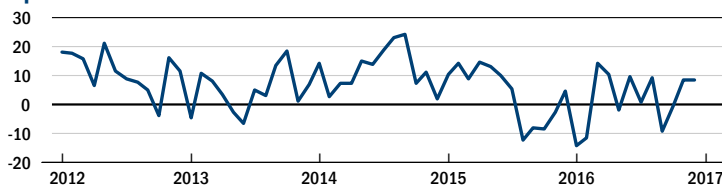
	Percent Reporting		Index
	Higher	Lower	
Nov	26.6	25.2	1.5
Dec	31.8	22.8	9.0
Change			7.5

## New Orders



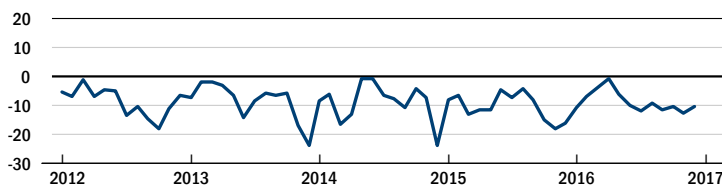
	Percent Reporting		Index
	Higher	Lower	
Nov	29.4	26.3	3.1
Dec	38.5	27.2	11.4
Change			8.3

## Shipments



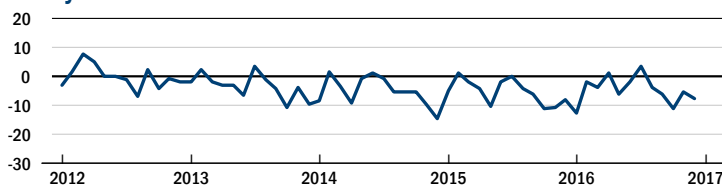
	Percent Reporting		Index
	Higher	Lower	
Nov	32.2	23.7	8.5
Dec	33.9	25.5	8.5
Change			0.0

## Unfilled Orders



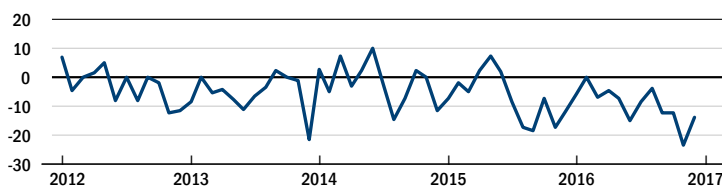
	Percent Reporting		Index
	Higher	Lower	
Nov	9.1	21.8	-12.7
Dec	7.8	18.3	-10.4
Change			2.3

## Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Nov	4.5	10.0	-5.5
Dec	8.7	16.5	-7.8
Change			-2.3

## Inventories

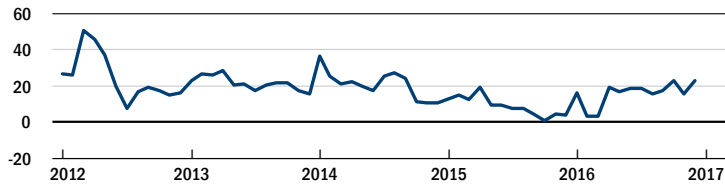


	Percent Reporting		Index
	Higher	Lower	
Nov	16.4	40.0	-23.6
Dec	16.5	30.4	-13.9
Change			9.7

## Current Indicators, *continued*

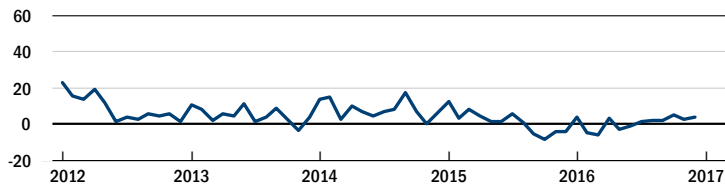
Change from Preceding Month

### Prices Paid



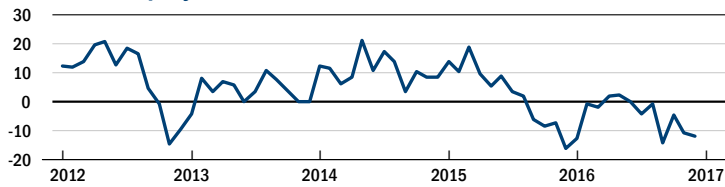
	Percent Reporting		Index
	Higher	Lower	
Nov	18.2	2.7	15.5
Dec	26.1	3.5	22.6
Change			7.1

### Prices Received



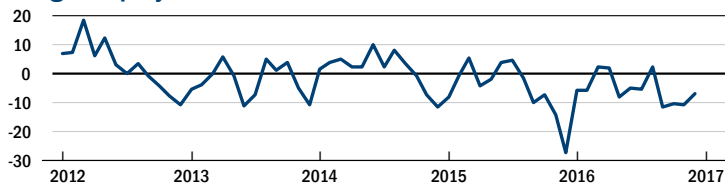
	Percent Reporting		Index
	Higher	Lower	
Nov	10.0	7.3	2.7
Dec	8.7	5.2	3.5
Change			0.8

### Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Nov	10.9	21.8	-10.9
Dec	6.1	18.3	-12.2
Change			-1.3

### Average Employee Workweek



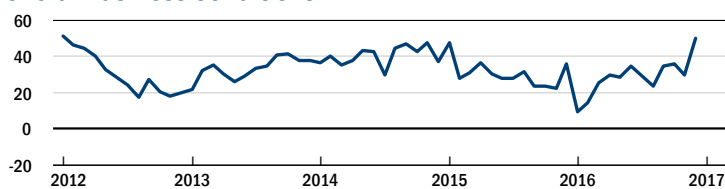
	Percent Reporting		Index
	Higher	Lower	
Nov	9.1	20.0	-10.9
Dec	12.2	19.1	-7.0
Change			3.9

Note: Data are not seasonally adjusted.

# Forward-Looking Indicators

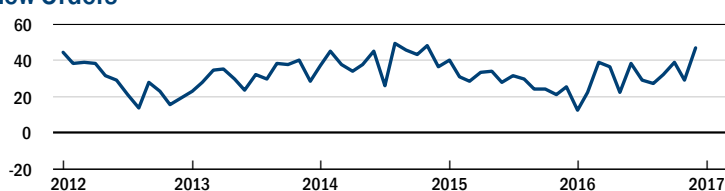
Expectations Six Months Ahead

## General Business Conditions



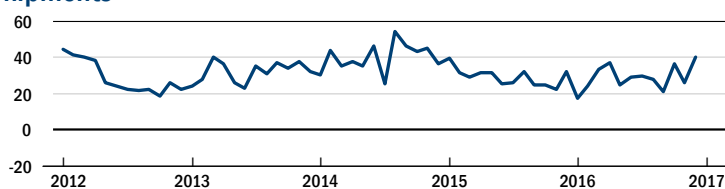
	Percent Reporting		Index
	Higher	Lower	
Nov	45.0	15.1	29.9
Dec	60.7	10.6	50.2
Change			20.3

## New Orders



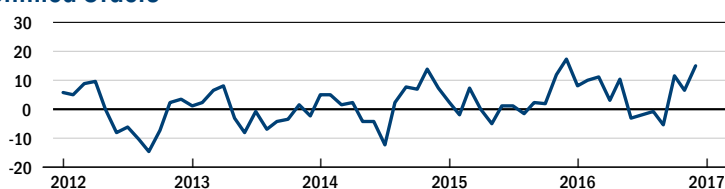
	Percent Reporting		Index
	Higher	Lower	
Nov	44.9	16.2	28.7
Dec	57.6	10.9	46.7
Change			18.0

## Shipments



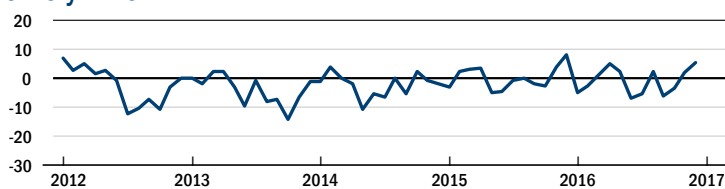
	Percent Reporting		Index
	Higher	Lower	
Nov	42.2	16.2	26.0
Dec	55.3	15.2	40.1
Change			14.1

## Unfilled Orders



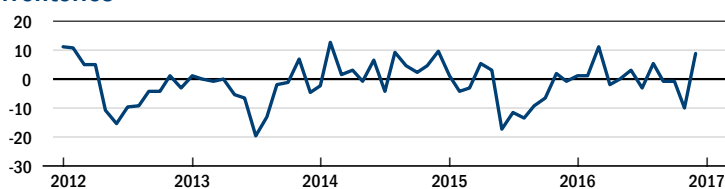
	Percent Reporting		Index
	Higher	Lower	
Nov	14.5	8.2	6.4
Dec	25.2	10.4	14.8
Change			8.4

## Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Nov	10.0	8.2	1.8
Dec	13.9	8.7	5.2
Change			3.4

## Inventories



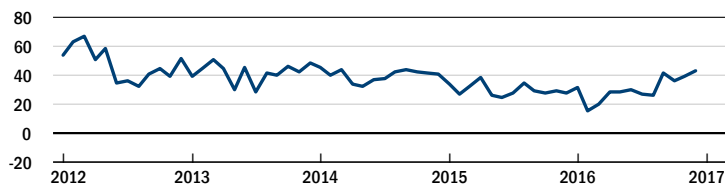
	Percent Reporting		Index
	Higher	Lower	
Nov	20.0	30.0	-10.0
Dec	27.0	18.3	8.7
Change			18.7

Note: Data are not seasonally adjusted.

## Forward-Looking Indicators, *continued*

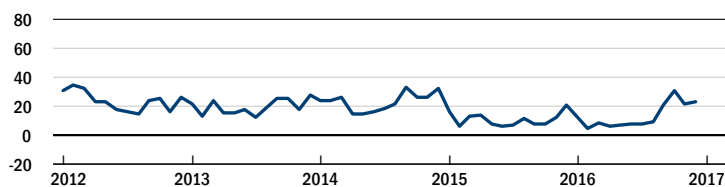
Expectations Six Months Ahead

### Prices Paid



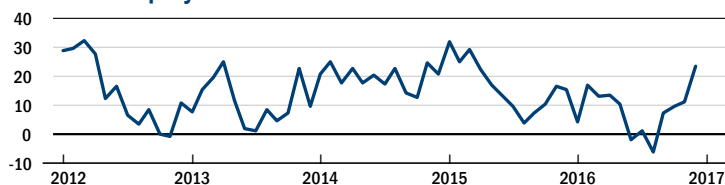
	Percent Reporting		Index
	Higher	Lower	
Nov	43.6	4.5	39.1
Dec	47.0	4.3	42.6
Change			3.5

### Prices Received



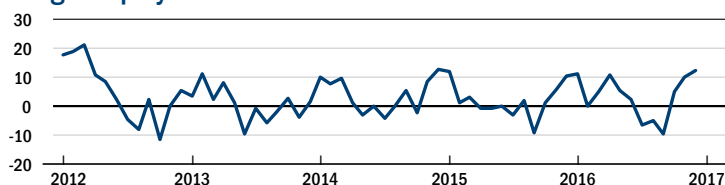
	Percent Reporting		Index
	Higher	Lower	
Nov	28.2	7.3	20.9
Dec	31.3	8.7	22.6
Change			1.7

### Number of Employees



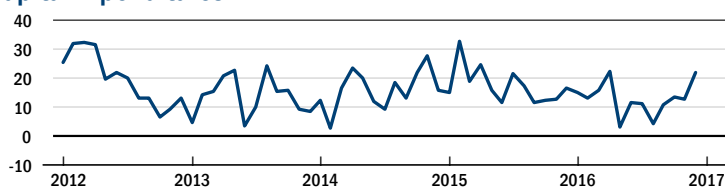
	Percent Reporting		Index
	Higher	Lower	
Nov	26.4	15.5	10.9
Dec	35.7	12.2	23.5
Change			12.6

### Average Employee Workweek



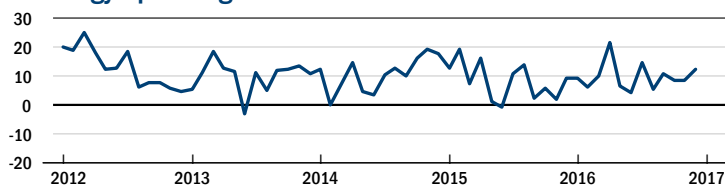
	Percent Reporting		Index
	Higher	Lower	
Nov	19.1	9.1	10.0
Dec	20.9	8.7	12.2
Change			2.2

### Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Nov	26.4	13.6	12.7
Dec	33.9	12.2	21.7
Change			9.0

### Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Nov	19.1	10.9	8.2
Dec	23.5	11.3	12.2
Change			4.0

Note: Data are not seasonally adjusted.