

Empire State Manufacturing Survey

Business activity continued to grow at a solid clip in New York State, according to firms responding to the September 2018 *Empire State Manufacturing Survey*. The headline general business conditions index showed ongoing strength, but moved down seven points to 19.0, pointing to a slower pace of growth than last month. New orders and shipments grew moderately. Delivery times continued to lengthen, and inventories moved higher. Labor market indicators pointed to an increase in employment levels and longer workweeks. Price indexes were little changed and remained elevated, suggesting ongoing significant increases in both input prices and selling prices. Looking ahead, firms remained fairly optimistic about the six-month outlook.

Expansion Continues

Manufacturing firms in New York State reported that business activity expanded

in September. The general business conditions index dipped seven points to 19.0, suggesting that while the pace of growth was slower than last month, it remained sturdy. Forty percent of respondents reported that conditions had improved over the month, while 21 percent reported that conditions had worsened. The new orders index was little changed at 16.5, and the shipments index fell eleven points to 14.3—readings that reflected moderate growth. Unfilled orders increased, inventories climbed, and delivery times continued to lengthen.

Employment Rises

The index for number of employees held steady at 13.3 and the average workweek index was 11.5, indicating a modest increase in both employment levels and hours worked. Price

increases remained elevated. The prices paid index held steady at 46.3, and the prices received index came in at 16.3.

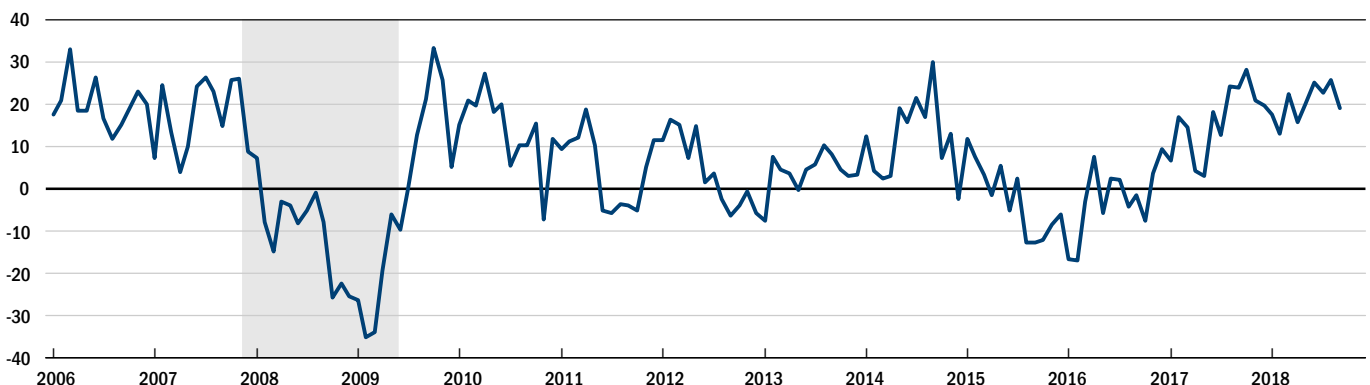
Firms Remain Fairly Optimistic

Firms remained moderately optimistic about the six-month outlook, though optimism in recent months has been more temperate than earlier this year. The index for future business conditions declined five points to 30.3. The indexes for future unfilled orders and future delivery times both remained negative, suggesting that businesses expect fewer unfilled orders and shorter delivery times. Inventories were expected to hold steady, and employment levels were expected to increase in the months ahead. The capital expenditures index moved down seven points to 19.5, and the technology spending index fell two points to 10.6. ■

General Business Conditions

Seasonally Adjusted

Diffusion Index

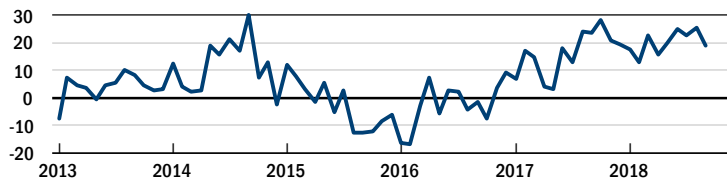


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

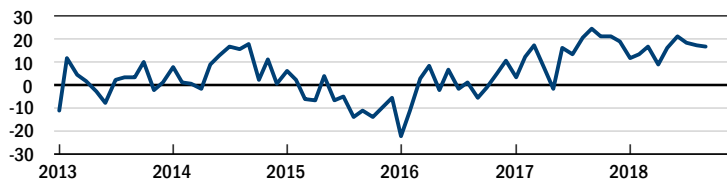
Change from Preceding Month

General Business Conditions



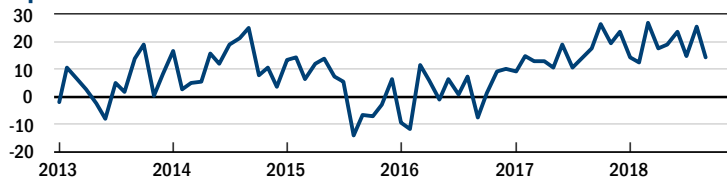
	Percent Reporting		Index
	Higher	Lower	
Aug	41.9	16.3	25.6
Sep	40.4	21.4	19.0
Change			-6.6

New Orders



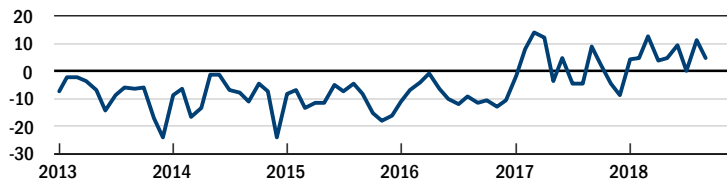
	Percent Reporting		Index
	Higher	Lower	
Aug	36.4	19.3	17.1
Sep	38.4	21.9	16.5
Change			-0.6

Shipments



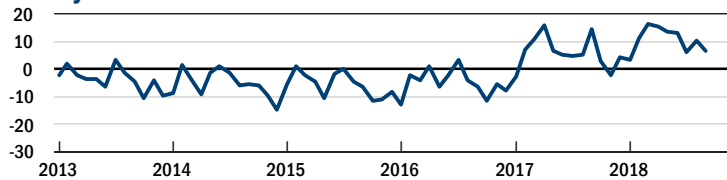
	Percent Reporting		Index
	Higher	Lower	
Aug	39.3	13.6	25.7
Sep	37.9	23.7	14.3
Change			-11.4

Unfilled Orders



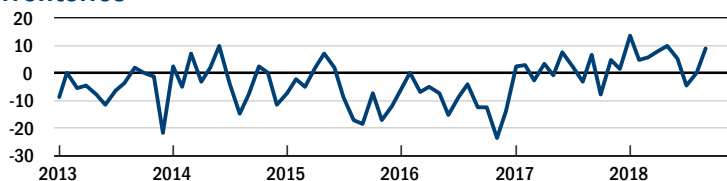
	Percent Reporting		Index
	Higher	Lower	
Aug	21.5	10.4	11.1
Sep	20.3	15.4	4.9
Change			-6.2

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Aug	20.0	9.6	10.4
Sep	16.3	9.8	6.5
Change			-3.9

Inventories

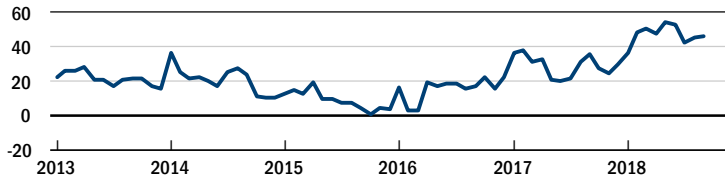


	Percent Reporting		Index
	Higher	Lower	
Aug	21.5	21.5	0.0
Sep	26.0	17.1	8.9
Change			8.9

Current Indicators, *continued*

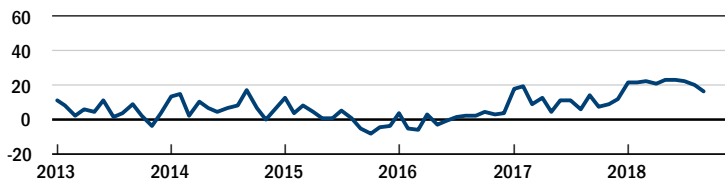
Change from Preceding Month

Prices Paid



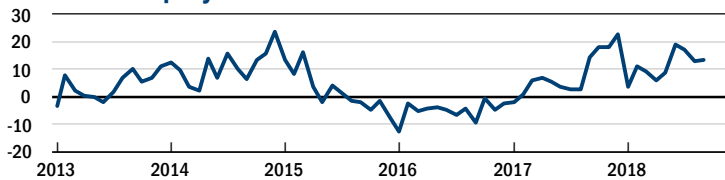
	Percent Reporting		Index
	Higher	Lower	
Aug	45.9	0.7	45.2
Sep	48.8	2.4	46.3
Change			1.1

Prices Received



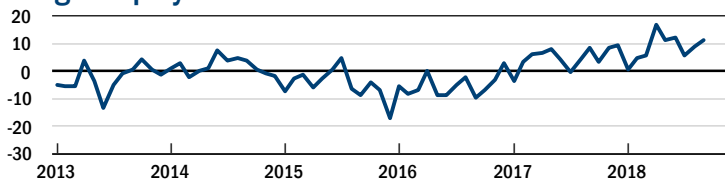
	Percent Reporting		Index
	Higher	Lower	
Aug	23.7	3.7	20.0
Sep	22.8	6.5	16.3
Change			-3.7

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Aug	20.3	7.2	13.1
Sep	21.7	8.4	13.3
Change			0.2

Average Employee Workweek



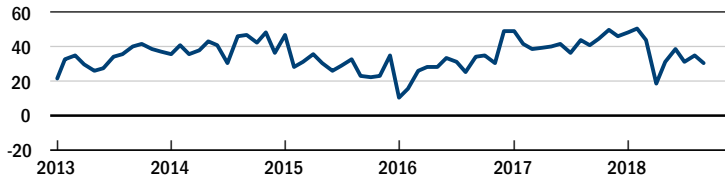
	Percent Reporting		Index
	Higher	Lower	
Aug	17.9	9.1	8.9
Sep	17.9	6.5	11.5
Change			2.6

Note: Data are seasonally adjusted.

Forward-Looking Indicators

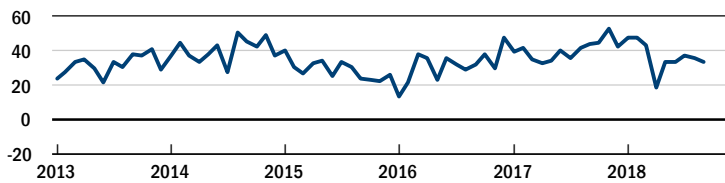
Expectations Six Months Ahead

General Business Conditions



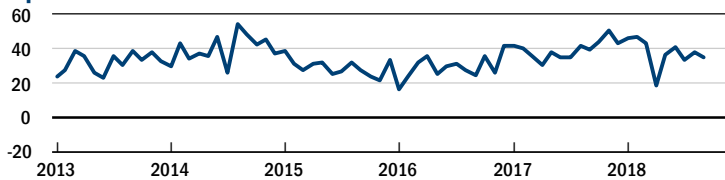
	Percent Reporting		Index
	Higher	Lower	
Aug	49.3	14.5	34.8
Sep	45.8	15.5	30.3
Change			-4.5

New Orders



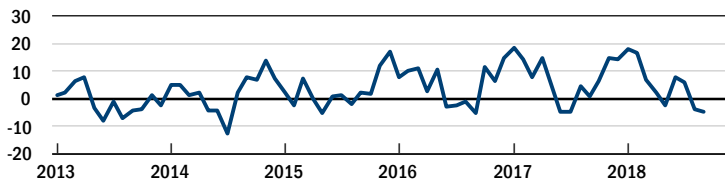
	Percent Reporting		Index
	Higher	Lower	
Aug	52.0	16.0	36.0
Sep	51.0	17.7	33.3
Change			-2.7

Shipments



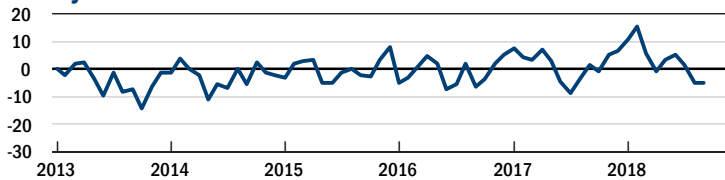
	Percent Reporting		Index
	Higher	Lower	
Aug	53.4	15.7	37.7
Sep	49.1	13.9	35.2
Change			-2.5

Unfilled Orders



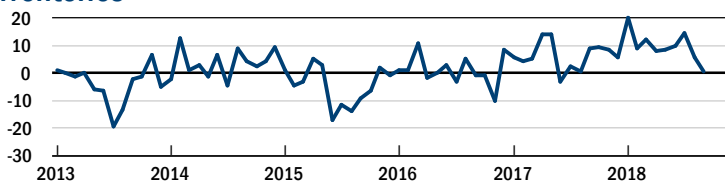
	Percent Reporting		Index
	Higher	Lower	
Aug	14.1	17.8	-3.7
Sep	12.2	17.1	-4.9
Change			-1.2

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Aug	12.6	17.8	-5.2
Sep	11.4	16.3	-4.9
Change			0.3

Inventories

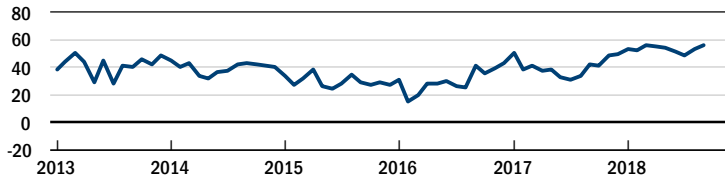


	Percent Reporting		Index
	Higher	Lower	
Aug	25.2	19.3	5.9
Sep	21.1	20.3	0.8
Change			-5.1

Forward-Looking Indicators, *continued*

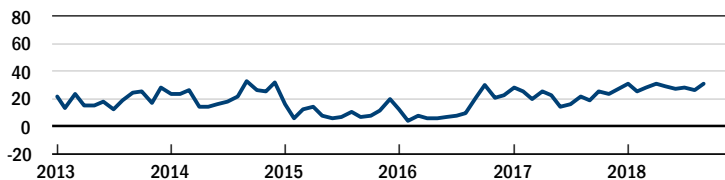
Expectations Six Months Ahead

Prices Paid



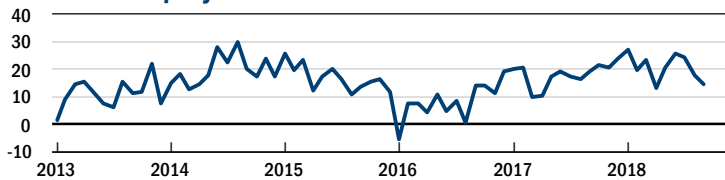
	Percent Reporting		Index
	Higher	Lower	
Aug	57.0	3.7	53.3
Sep	60.2	4.1	56.1
Change			2.8

Prices Received



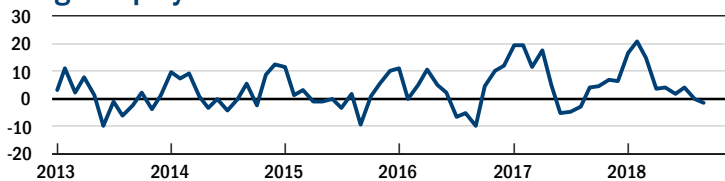
	Percent Reporting		Index
	Higher	Lower	
Aug	34.1	7.4	26.7
Sep	37.4	6.5	30.9
Change			4.2

Number of Employees



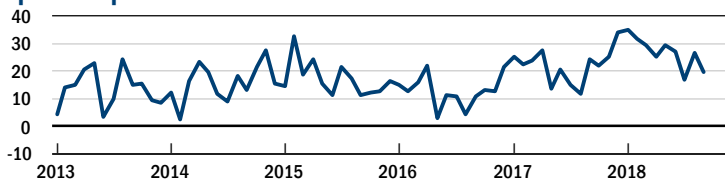
	Percent Reporting		Index
	Higher	Lower	
Aug	30.1	12.0	18.0
Sep	27.0	12.3	14.7
Change			-3.3

Average Employee Workweek



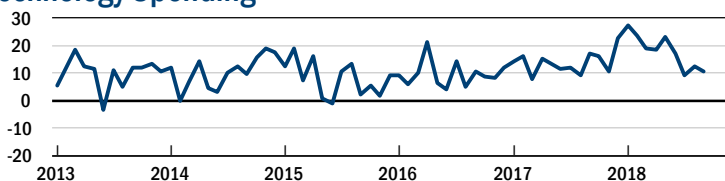
	Percent Reporting		Index
	Higher	Lower	
Aug	15.6	15.6	0.0
Sep	10.6	12.2	-1.6
Change			-1.6

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Aug	36.3	9.6	26.7
Sep	30.1	10.6	19.5
Change			-7.2

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Aug	20.0	7.4	12.6
Sep	18.7	8.1	10.6
Change			-2.0

Note: Data are seasonally adjusted.