Supplemental Survey Report

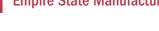
Firms Anticipate a Rise in Borrowing Needs, See Modest Tightening in Credit Availability

Supplementary questions in the October 2017 Empire State
Manufacturing Survey and Business
Leaders Survey focused on recent and expected changes in firms' borrowing needs and credit availability. Parallel questions had been asked in October 2016 and in earlier surveys.

As in earlier surveys, a large majority of respondents in both surveys reported no change in borrowing needs—both over the past year and over the past three months. When asked about their borrowing needs over the next twelve months, more respondents in both surveys said they expected them to rise than recede. This contrasts with last October, when twice as many manufacturers expected such needs to decrease than increase while service firms were evenly split.

Respondents were asked about changes in credit availability. A vast majority of respondents in both surveys (roughly four-fifths) reported no change—both over the past year and over the past three months. Looking ahead to expected changes in credit availability over the next year, again, a sizable majority of respondents in both surveys (about twothirds) indicated that they anticipated little change, on balance. Of those expecting a change, nearly twice as many service sector respondents anticipated tightening as anticipated easing in credit availability; among manufacturers, expectations were more evenly split.

Respondents were also asked if they had applied for credit in the past twelve months. As in last October's survey, roughly 40 percent of both manufacturing and service sector respondents said they had. Of those who had sought credit, the vast majority—77 percent of manufacturers and 67 percent of service firms—said they were offered full funding and had accepted it. Thirteen percent of service firms and 9 percent of manufacturers said they had received partial funding and had accepted it. The remainder did not end up getting funding, either because they were denied it or because the terms or amount of funding were considered unsatisfactory. The nearly 60 percent of respondents who had not applied for credit were asked why they had not sought credit; almost all of them said it was because their current financing needs had been met. These results were almost identical to those in the 2016 survey. ■



Supplemental Survey Report, continued

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?

	October 2017 Survey Percentage of Respondents			October 2016 Survey Percentage of Respondents			
Empire State Manufacturing Survey	Lower	Same	Higher	Lower	Same	Higher	
Now compared with 3 months earlier	18.0	68.8	13.3	20.2	64.4	15.4	
Now compared with 12 months earlier	21.4	64.3	14.3	25.5	51.9	22.6	
Over the next 12 months	18.0	55.7	26.2	23.8	63.4	12.9	
Business Leaders Survey							
Now compared with 3 months earlier	14.3	71.4	14.3	13.7	71.2	15.1	
Now compared with 12 months earlier	23.5	57.5	19.0	15.2	65.9	18.8	
Over the next 12 months	17.8	53.9	28.3	20.3	58.6	21.1	

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?

	October 2017 Survey Percentage of Respondents			October 2016 Survey Percentage of Respondents			
Empire State Manufacturing Survey	Easier	Same	Tighter	Easier	Same	Tighter	
Over the past 3 months	8.9	83.1	8.1	9.4	83.0	7.5	
Over the past 12 months	13.9	78.7	7.4	10.5	81.9	7.6	
Over the next 12 months	14.8	65.6	19.7	8.6	75.2	16.2	
Business Leaders Survey							
Over the past 3 months	9.2	79.7	11.1	9.3	77.1	13.6	
Over the past 12 months	11.3	76.2	12.6	12.9	72.1	15.0	
Over the next 12 months	11.7	68.2	20.1	10.9	69.3	19.7	

Supplemental Survey Report, continued

Has your business applied for credit in the past twelve months? If not, why not? If so, how did it turn out?

	October	2017 Survey	October 2016 Survey		
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey	
	Percentage	of Respondents	Percentage of Respondents		
No	57.6	58.3	58.7	61.9	
As a percentage of those responding No					
Because our financing needs are currently met	83.3	80.7	86.9	90.7	
Because we did not expect to be able to obtain credit	4.2	9.1	6.6	4.7	
Yes	42.4	41.7	41.3	38.1	
As a percentage of those responding Yes					
Were offered full funding and accepted it	77.4	66.7	74.4	62.3	
Were offered full funding but declined it because the terms were unfavorable	0.0	3.2	2.3	7.5	
Were offered partial funding and accepted it	9.4	12.7	14.0	15.1	
Were offered partial funding but declined it because the terms were unfavorable	1.9	1.6	2.3	5.7	
Were offered full/partial funding but declined it because we no longer needed it	1.9	1.6	0.0	1.9	
Were not offered any funding	3.8	1.6	7.0	1.9	