

Supplemental Survey Report

Businesses See Sturdy Growth in Sales; Some Pickup Expected in Hiring and Capital Spending

In a series of supplementary questions to the June 2018 *Empire State Manufacturing Survey* and *Business Leaders Survey*, businesses were asked how much their sales, employment levels, and capital spending had changed between the first half of 2017 and the first half of 2018 as well as over the full respective calendar years. Businesses were also asked how their 2018 sales (revenue), hiring, and capital spending budgets were tracking, relative to what they had been expecting at the beginning of this year. Parallel questions were posed in June 2017 and in earlier surveys.

The median manufacturing respondent indicated that year-to-date sales were up 5.0 percent from comparable 2017 levels and the median projected gain for the full year was 6.5 percent. The median service sector firm reported more moderate gains of 3.5 percent for the first half and 5.0 percent for the full year. These gains were generally 1-2 percentage points higher than in last June's survey.

Regarding changes in staffing levels from the first half of 2017 to the first half of 2018, the median panelist in both surveys indicated no change. But in assessing prospects for the full year, the median response was a gain of 2.0 percent among

manufacturers and 3.0 percent among service sector businesses. The median change in capital spending for the first half of 2018 was reported to be unchanged from a year earlier in both surveys. However, gains were anticipated for the full calendar year: the median projected increase was 5.0 percent among manufacturers and 3.0 percent among service firms.

Survey respondents were also asked if they had recently modified their sales (revenue) expectations for the second half of 2018. Manufacturers leaned somewhat to the positive side, on balance: 40 percent reported that they had revised their expectations upward, while 30 percent said they had scaled them back. Among service firms, roughly the same proportions (30-31 percent) reported upward revisions as did downward.

Businesses were also asked about how their hiring and capital spending for 2018 have been proceeding, relative to what they had budgeted at the start of the year. Manufacturers said their hiring was going roughly as planned, on balance, while service firms were hiring a bit more than planned. On capital spending, manufacturers were slightly ahead of budget, on balance, while service firms were on plan.

Finally, on a series of questions previously asked in surveys conducted in May 2017 and earlier, businesses were asked about past and expected changes in both the prices they pay for inputs and the prices they charge their customers. The median manufacturing respondent said *prices paid for inputs* had risen by 5.0 percent over the past twelve months—up from 3.0 percent in last year's survey. Among service sector firms, the median response was a rise of 3.0 percent, up slightly from last May's figure but in line with what had been expected. In assessing changes in *selling prices* over the past year, the median increase reported was just 2.0 percent among manufacturers (in line with last May's expectation) and just 0.5 percent among service firms (lower than expected).

Looking ahead to the next twelve months, firms in both surveys did not anticipate any substantial changes. The median expected rise in *input prices* was 5.0 percent among manufacturing firms and 3.0 percent among service sector panelists—in both cases, a repeat of the past twelve months. Regarding *selling prices*, the median expected increase was 3.0 percent among manufacturers and 2.0 percent among service sector firms. ■

Supplemental Survey Report, *continued*

QUESTION 1

Please estimate the percentage change in your firm's sales, number of employees, and capital spending from 2017 to 2018—both for the first half of the year and what you expect for the full year:

	Empire State Manufacturing Survey		Business Leaders Survey	
	June 2018		June 2017	
	Median Percentage Change from 2017 to 2018		Median Percentage Change from 2016 to 2017	
Total sales				
First half of year	5.0	3.5	4.0	1.0
Full year	6.5	5.0	5.0	3.0
Number of employees				
First half of year	0.0	0.0	0.0	0.0
Full year	2.0	3.0	0.0	1.0
Capital spending				
First half of year	0.0	0.0	0.0	0.0
Full year	5.0	3.0	0.0	2.0

QUESTION 2

In the past several months, to what extent have you modified your sales (revenue) expectations for the second half of the year?

	Empire State Manufacturing Survey		Business Leaders Survey	
	June 2018		June 2017	
	Percentage of Respondents		Percentage of Respondents	
Reduced substantially	4.1	3.9	4.8	2.8
Reduced somewhat	25.6	25.7	28.8	41.8
No change	30.6	39.5	32.8	39.7
Increased somewhat	31.4	28.3	28.0	14.9
Increased substantially	8.3	2.6	5.6	0.7

Supplemental Survey Report, *continued*

QUESTION 3

Relative to what you were planning at the beginning of this year, how have your actual hiring and capital spending proceeded thus far this year?

	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
June 2018				
	Actual Hiring		Actual Capital Spending	
	Percentage of Respondents		Percentage of Respondents	
Much less than planned	5.0	3.3	1.7	6.0
Somewhat less than planned	17.4	13.2	12.4	10.0
About as planned	57.0	60.3	66.1	68.0
Somewhat more than planned	18.2	21.9	15.7	14.0
Much more than planned	2.5	1.3	4.1	2.0

QUESTION 4

By what percentage have your input and selling prices changed over the *past* twelve months?

	June 2018		May 2017	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	5.0	3.0	3.0	2.0
Your selling prices	2.0	0.5	1.5	1.5

QUESTION 5

By what percentage do you expect your input and selling prices to change over the *next* twelve months?

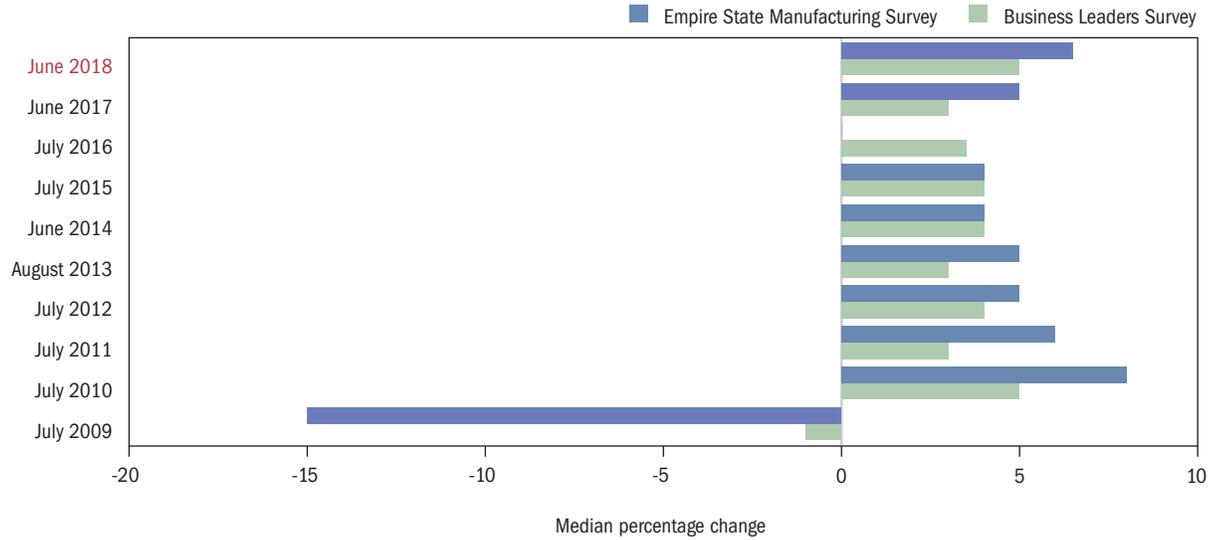
	June 2018		May 2017	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	5.0	3.0	3.0	3.0
Your selling prices	3.0	2.0	2.0	2.0

Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 1A

Please estimate the percentage change in your firm's *sales* from last year to this year.

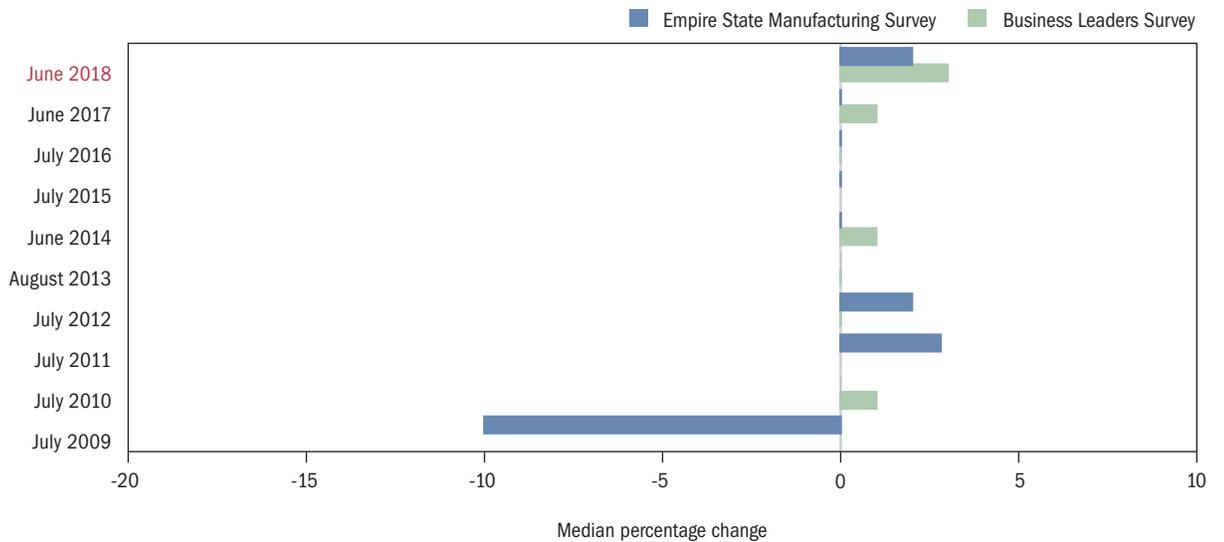
Survey Conducted in:



HISTORICAL OVERVIEW FOR QUESTION 1B

Please estimate the percentage change in your firm's *employment level* from last year to this year.

Survey Conducted in:



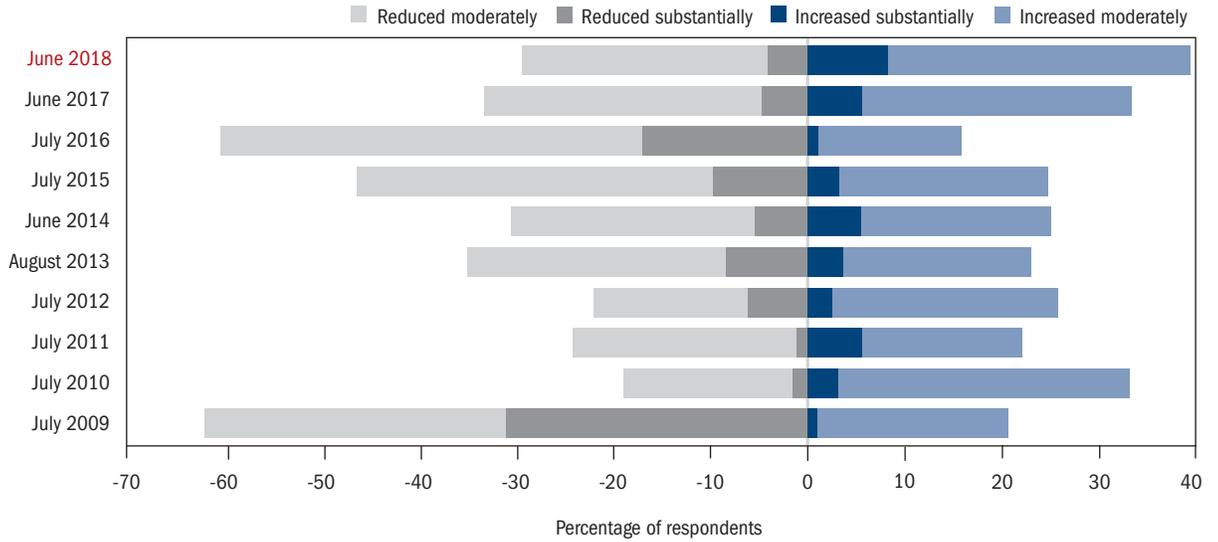
Notes: Manufacturers reported no change in their sales in July 2016; they reported no change in their employment level in June 2017, July 2016, July 2015, June 2014, August 2013, and July 2010. Service-sector firms reported no change in their employment level in July 2016, July 2015, August 2013, July 2012, July 2011, and July 2009.

Supplemental Survey Report, *continued*

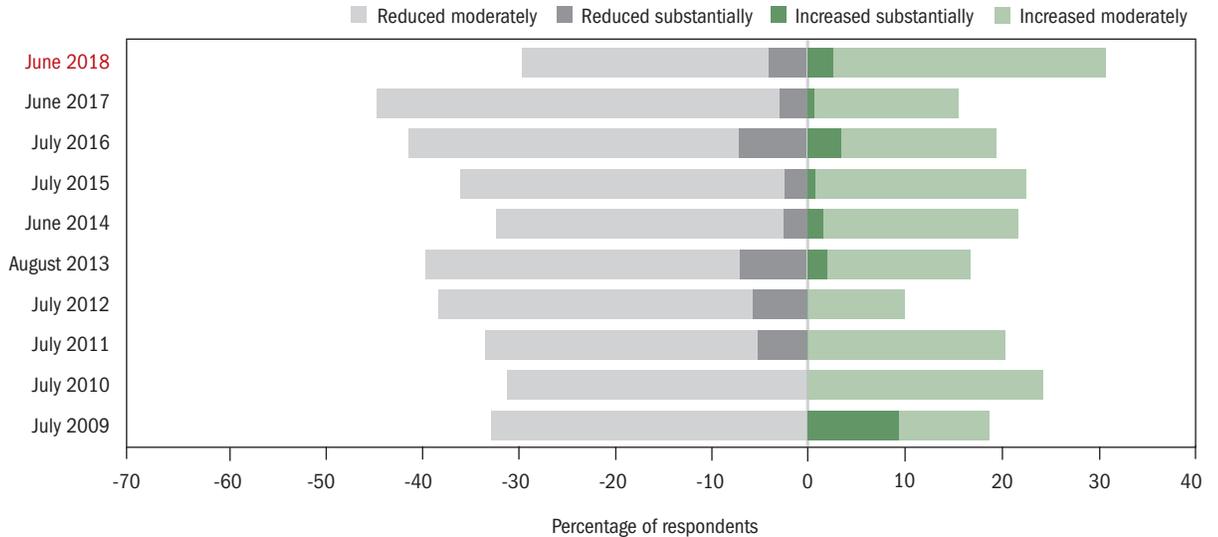
HISTORICAL OVERVIEW FOR QUESTION 2

To what extent have you modified your sales (revenue) expectations in recent months?

Empire State Manufacturing Survey



Business Leaders Survey



Note: In the July 2012 survey and its predecessors, manufacturers were asked about "production plans," as opposed to sales (revenue) expectations.