

# October 2002

## Empire State Manufacturing

Survey



### Summary

The *Empire State Manufacturing Survey* indicates a contraction in business conditions from September to October. The general business conditions index fell to -14.6, its lowest level in nearly a year. Indexes for new orders, shipments, unfilled orders, and employment all were negative, and dropped decidedly from last month's levels. Pricing pressures continued, with the prices paid index remaining positive and the prices received index staying negative.

Although present conditions were reported as worsening, future conditions are expected to be favorable by the majority of respondents. Future indexes for general business conditions, new orders, and shipments all remained near or above 60.

### Business Conditions Index Slips

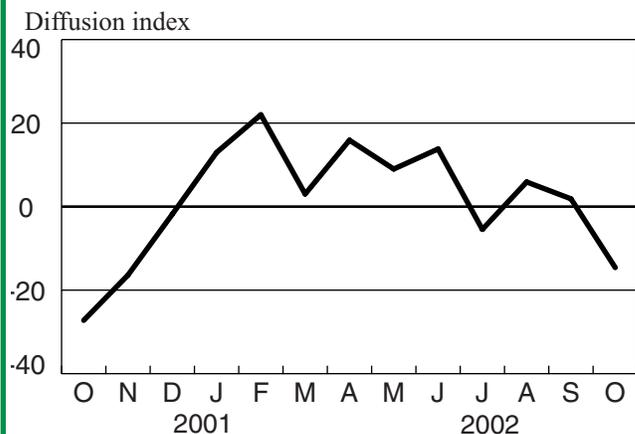
The general business conditions index dropped significantly in October, primarily because more respondents reported worsening conditions. Although those reporting more favorable conditions remained at around 22 percent, 37 percent said conditions grew worse in October. Only 22 percent indicated conditions were worse last month. The new orders index also turned negative for the first time in nearly a year, falling from 8.1 to -1.1. The shipments index also fell, from 14.3 to -1.2, and—continuing a string of negative readings for more than a year—the unfilled orders index declined to -16.1.

The delivery time index dropped to -12.2, with most respondents indicating no change from last month. The inventories index rose slightly, entering positive territory for the first time since September 2001, going from -9.1 to 1.3.

Pricing pressures grew worse this month, with the prices paid index rising from 4.6 to 14.9, although 80 percent saw no change from last month. Seventeen percent said prices paid were higher, compared with 12 percent last month. The prices received index remained near its historical levels at -9.1.

Employment indexes were negative in October. The index of the number of employees was negative for a third consecutive month, at -1.7, with 18 percent reporting an increase in employment and 20 percent observing a decline. The average workweek index fell from 2.7 to -8.1, with those reporting a shorter workweek rising from 12 percent last month to 24 percent in October.

### General Business Conditions



### Optimism Abounds

Although current conditions were reported to be deteriorating, expectations about the future were considerably optimistic. Future indexes for business conditions, new orders, and shipments all remained at around 60, where they have been for the past several months. General business conditions are expected to be more favorable in six months, according to 64 percent of respondents, with few expecting conditions to worsen. The future inventories index remained near zero.

Although the future prices paid index remained positive, the future prices received index turned positive for the first time in several months. This month, only 9 percent of respondents expect prices received to be lower, compared with 23 percent last month. The vast majority anticipate no change in both prices paid and prices received. Since June, the future index for the number of employees has been slowly drifting downward, but it still remained positive at 19.1. The capital expenditures index also stayed positive, but it fell significantly, from 26.8 to 12.8.

### Note:

Diffusion indexes are calculated for each indicator by subtracting the percent of respondents reporting the indicator lower from the previous month from those reporting the indicator higher. Thus positive values signify that more respondents report the indicator higher from the previous month than lower. Data are seasonally adjusted to control for seasonal variations.

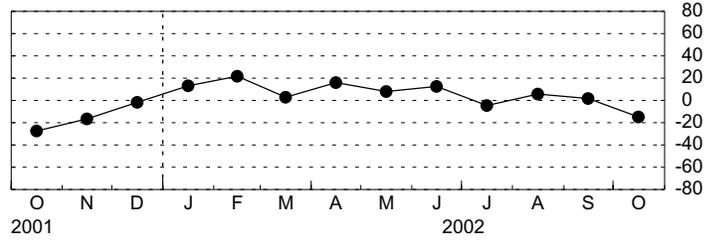
# Empire State Manufacturing Survey, October 2002

Seasonally Adjusted

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	23.57	53.02	21.70	1.87
Oct	22.11	41.08	36.71	-14.61

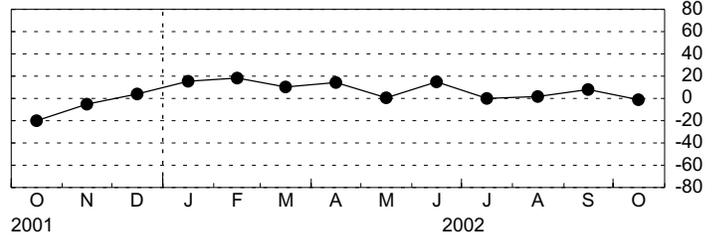
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	29.55	47.84	21.50	8.05
Oct	25.23	45.52	26.35	-1.12

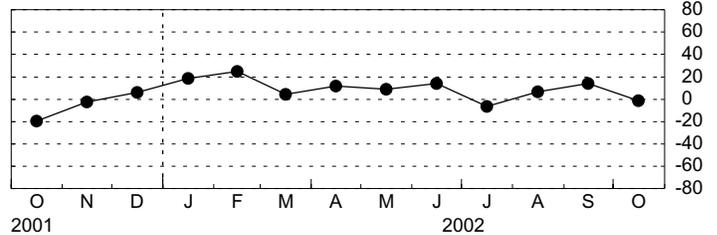
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	33.64	46.80	19.35	14.29
Oct	26.33	38.68	27.49	-1.16

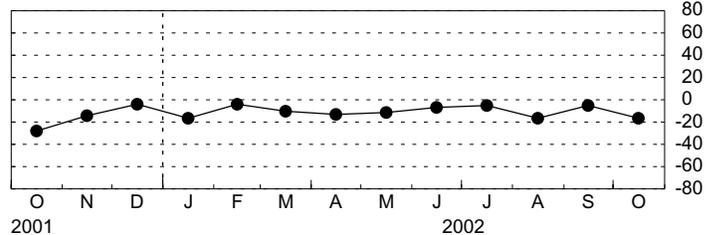
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	9.21	77.78	14.01	-4.80
Oct	12.25	60.78	28.37	-16.13

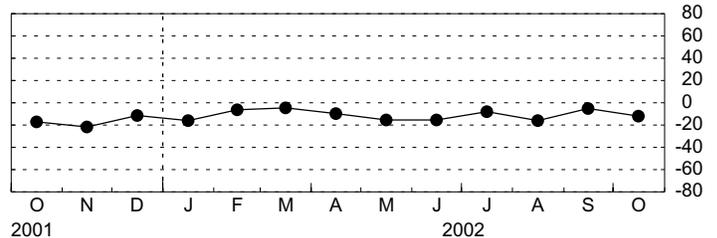
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	6.33	78.82	11.25	-4.92
Oct	5.08	78.03	17.29	-12.20

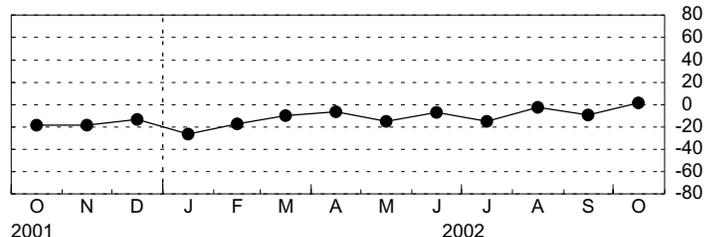
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	16.14	57.63	25.23	-9.09
Oct	22.41	53.96	21.13	1.28

## Inventories - Diffusion Index



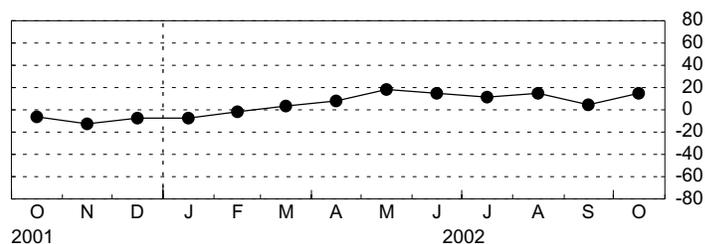
## Empire State Manufacturing Survey, October 2002

### Seasonally Adjusted

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	12.38	79.79	7.83	4.55
Oct	16.77	80.23	1.90	14.86

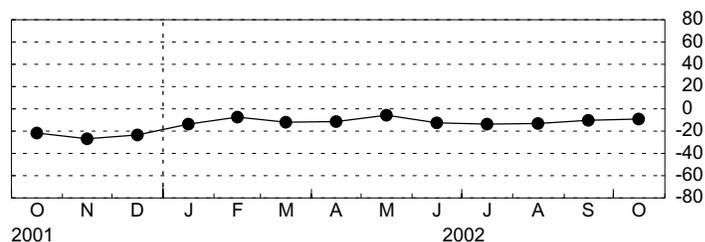
#### Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	7.75	73.74	18.21	-10.46
Oct	7.68	76.35	16.77	-9.08

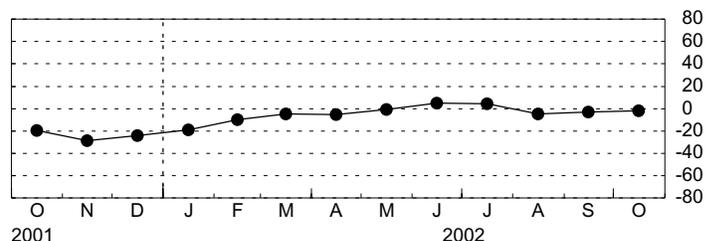
#### Prices Received - Diffusion Index



#### No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	18.32	60.48	21.40	-3.08
Oct	18.43	62.41	20.17	-1.74

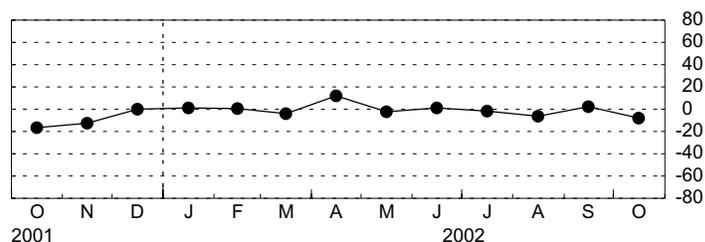
#### No. of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	14.47	73.43	11.80	2.67
Oct	15.43	60.93	23.55	-8.12

#### Average Employee Workweek - Diffusion Index

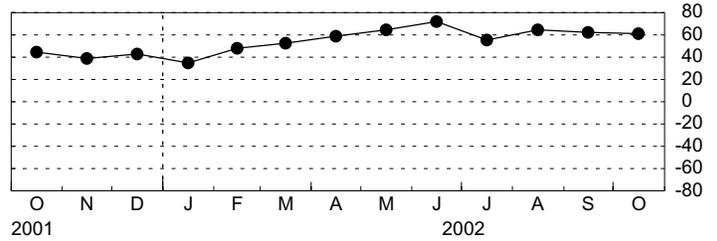


# Empire State Manufacturing Survey, October 2002, Expectations Six Months Ahead Seasonally Adjusted

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	65.94	32.97	3.69	62.24
Oct	63.38	39.27	2.24	61.14

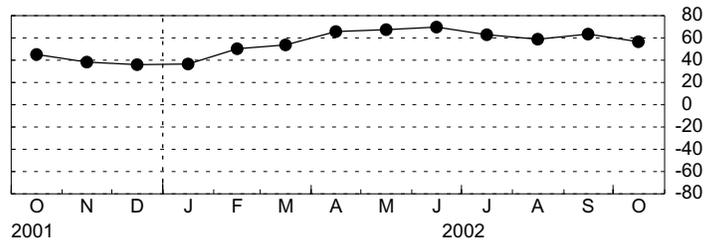
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	67.23	33.08	3.79	63.43
Oct	61.88	34.59	5.22	56.66

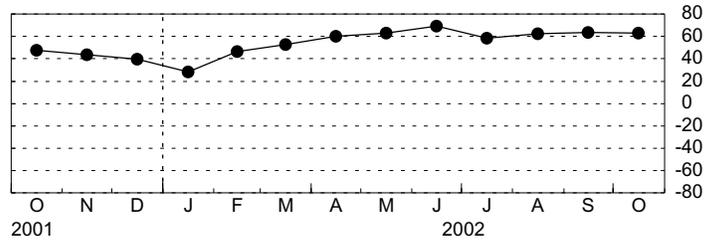
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	66.55	32.97	2.68	63.86
Oct	66.32	31.75	3.22	63.10

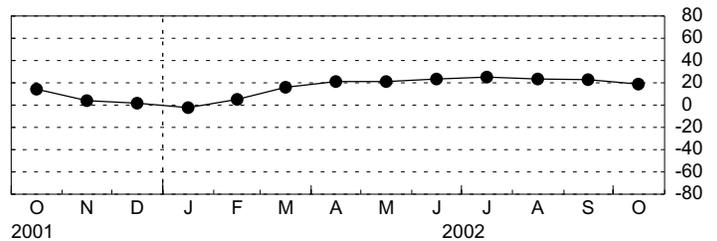
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	26.79	67.21	4.00	22.79
Oct	25.73	69.31	6.46	19.26

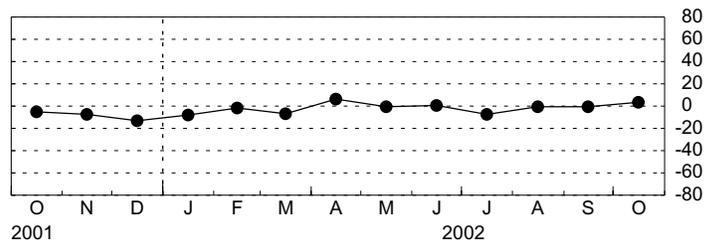
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	10.61	77.65	11.34	-0.73
Oct	10.24	84.83	6.72	3.52

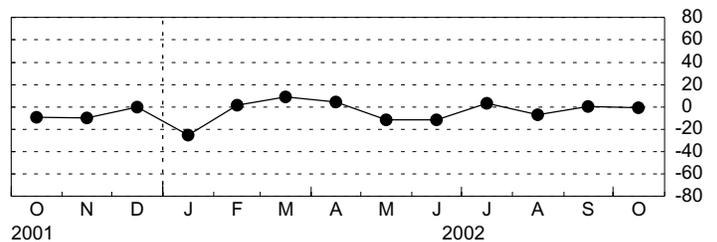
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	22.40	57.24	21.86	0.54
Oct	22.83	51.50	23.87	-1.04

## Inventories - Diffusion Index

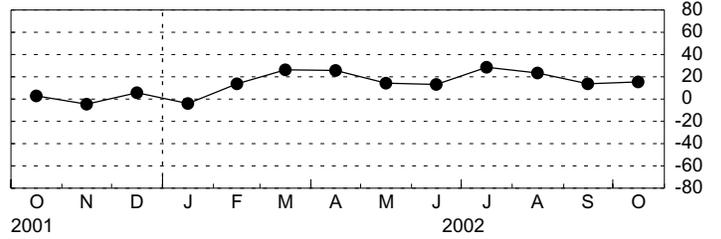


# Empire State Manufacturing Survey, October 2002, Expectations Six Months Ahead Seasonally Adjusted

## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	21.30	70.81	7.69	13.61
Oct	22.43	70.57	6.80	15.63

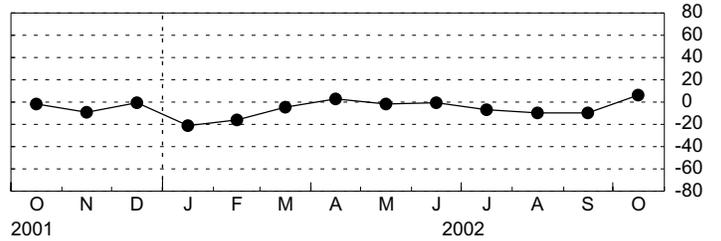
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	13.60	63.93	23.17	-9.57
Oct	15.07	76.07	8.86	6.20

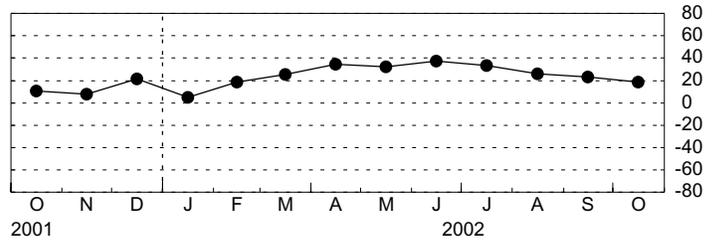
Prices Received - Diffusion Index



## No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	35.88	50.48	12.44	23.44
Oct	31.99	51.84	13.57	18.43

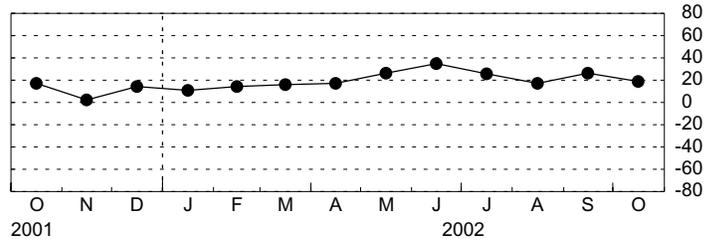
No. of Employees - Diffusion Index



## Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	28.68	69.70	2.52	26.16
Oct	29.31	60.16	10.23	19.08

Average Employee Workweek - Diffusion Index



## Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	34.35	59.63	7.52	26.83
Oct	27.29	56.88	14.53	12.77

Capital Expenditures - Diffusion Index

