

October 2004

Empire State Manufacturing

Survey

For release: October 15, 2004 8:30 a.m.

Summary

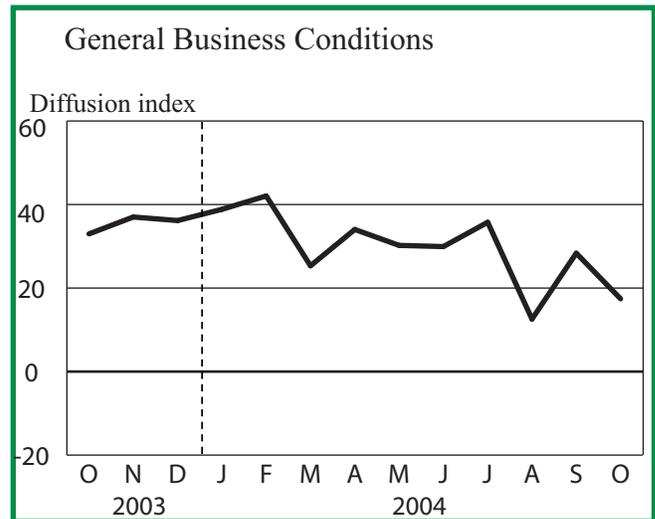
The *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers improved in October, although at a somewhat slower pace than in September. The general business conditions index remained positive but fell from 27.3 to 17.4. The new orders and shipments indexes also remained positive while dropping below last month's levels; the unfilled orders index fell to just below zero. Price indexes remained elevated, with the prices paid index reaching a record high. Employment indexes remained positive, although the average workweek index fell. Future indexes, including the capital expenditures index, conveyed continued optimism and were near their high levels of the past year.

Conditions Improve at a Somewhat Slower Pace

Conditions continued to improve for New York manufacturers in October, but the pace of growth over the past three months has been slower than that experienced during the greater part of the past year. The general business conditions index fell 10 points, to 17.4. While improved conditions were reported by 40 percent of respondents, roughly the same percentage as last month, 23 percent said that conditions had worsened, up from 14 percent in September. The new orders index underwent less of a decline, falling from 26.2 to 21.2, with 41 percent of respondents reporting a rise in orders and 20 percent reporting a decline. The shipments index fell 13 points, to 19.1. The unfilled orders index fell below zero for the second time over the past year, dropping from 11.7 last month to -2.7. The delivery time index, at 4.2, stayed close to its level of the past several months, while the inventories index hovered around zero, as it has for much of the past year.

Prices Continue to Escalate

Price indexes remained elevated. The prices paid index rose several points to 59.2, with a record-high 61 percent of respondents reporting higher prices, and just 2 percent reporting lower prices. The prices received index remained positive and, at 15.0, was slightly below last month's level. This month, 24 percent of respondents reported receiving higher prices, while 9 percent said that prices were lower. The number of employees index, at 17.7, remained positive for a thirteenth consecutive month, with 29 percent of respondents increasing employment and 12 percent reducing it. The average workweek index remained positive, but fell from 17.3 to 4.9, its lowest level in more than a year.



Expectations Remain Favorable

Future indexes continued to show considerable optimism. The future general business conditions index remained above 60 for a second consecutive month, with 65 percent of respondents expecting conditions to improve over the next six months and just 4 percent expecting conditions to worsen. The future new orders index rose several points, to 59.2, with 64 percent of respondents expecting orders to increase. Prices and employment were also expected to rise. The future prices paid index, although several points below last month, remained elevated at 52.5. The future prices received index continued its upward climb, reaching a new record of 34.2; 46 percent of respondents—up from 39 percent last month—expected to receive higher prices in six months. The future number of employees index rose for a second month, reaching 33.7, with 41 percent expecting to employ more workers in six months. The capital expenditures index, at 31.7, was near last month's level.

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.

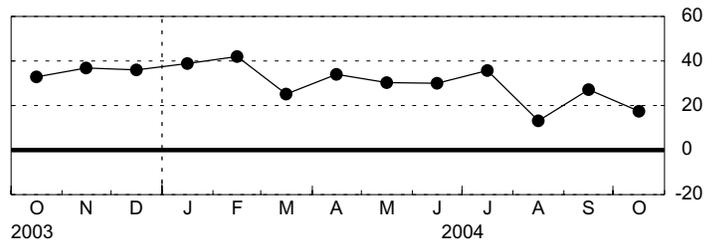
Empire State Manufacturing Survey, October 2004

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	40.92	45.42	13.66	27.26
Oct	40.02	37.40	22.58	17.43

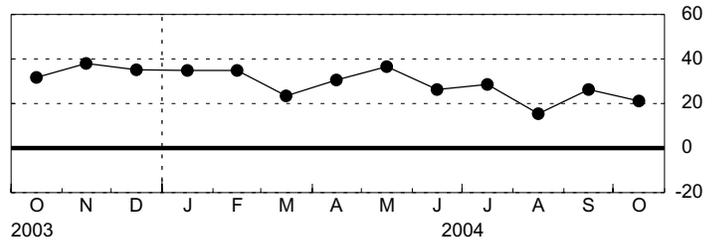
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	42.20	41.81	15.99	26.22
Oct	41.02	39.12	19.86	21.16

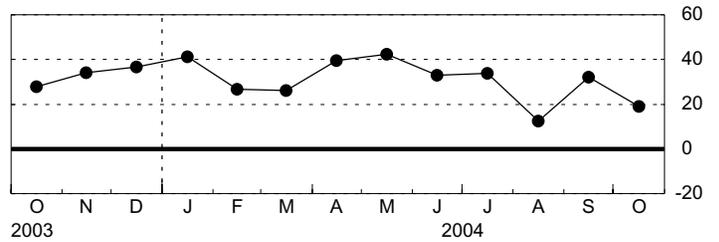
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	48.37	35.38	16.25	32.13
Oct	40.14	38.82	21.04	19.10

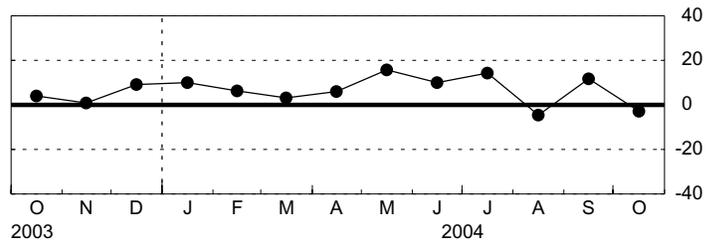
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	22.53	66.64	10.83	11.71
Oct	16.54	64.24	19.22	-2.67

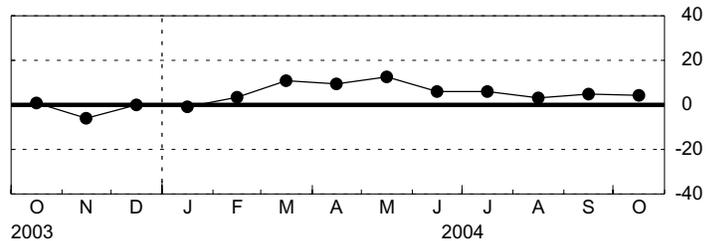
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	13.82	77.24	8.94	4.88
Oct	12.50	79.17	8.33	4.17

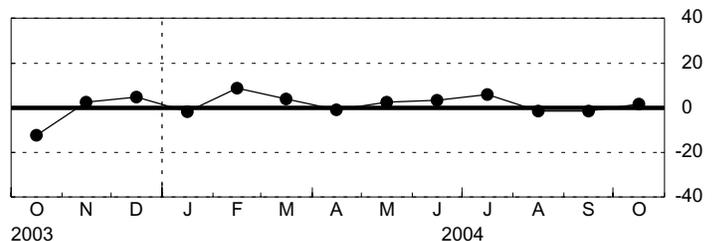
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	21.14	56.10	22.76	-1.63
Oct	24.17	53.33	22.50	1.67

Inventories - Diffusion Index

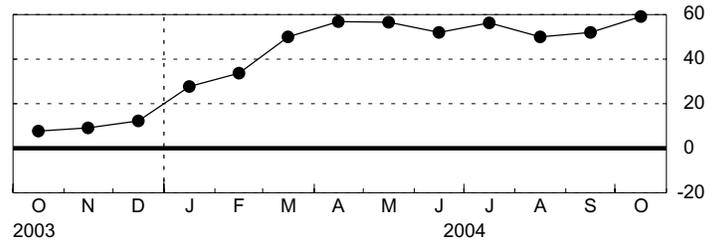


Empire State Manufacturing Survey, October 2004 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	54.47	43.09	2.44	52.03
Oct	60.83	37.50	1.67	59.17

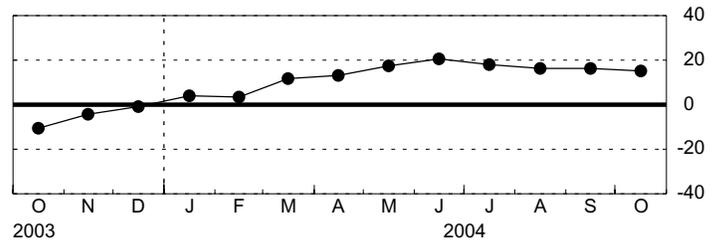
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	23.58	69.11	7.32	16.26
Oct	24.17	66.67	9.17	15.00

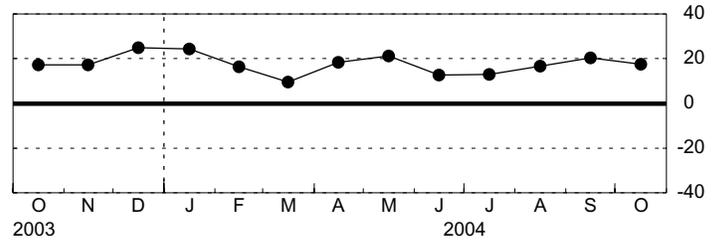
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	30.86	58.57	10.57	20.29
Oct	29.32	59.01	11.67	17.65

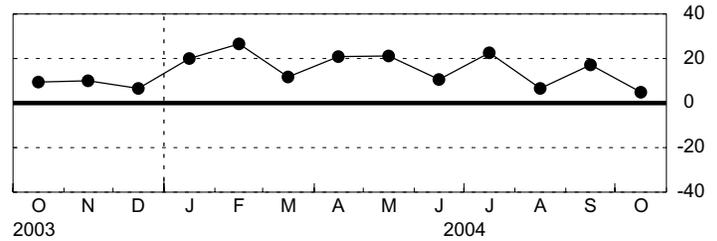
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	27.08	63.16	9.76	17.33
Oct	19.04	66.80	14.17	4.87

Average Employee Workweek - Diffusion Index

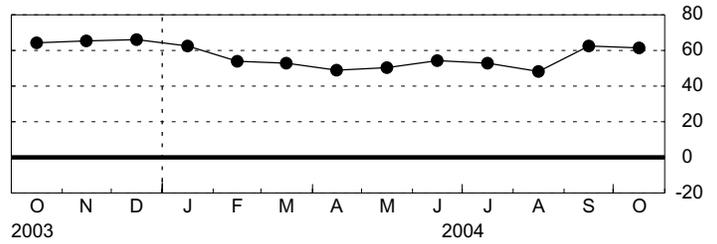


Empire State Manufacturing Survey, October 2004, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	67.55	27.34	5.11	62.44
Oct	65.11	31.08	3.81	61.30

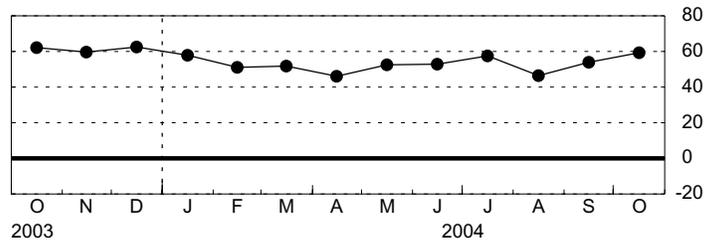
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	58.83	36.38	4.79	54.04
Oct	63.90	31.39	4.71	59.19

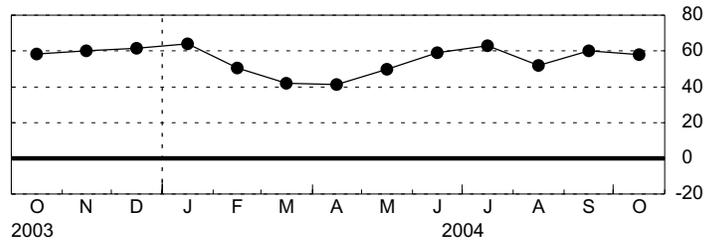
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	65.45	29.21	5.34	60.11
Oct	63.66	30.62	5.73	57.93

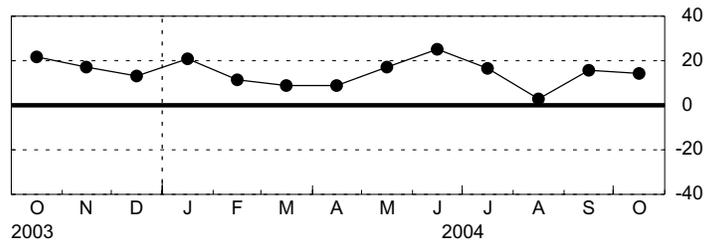
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	28.46	58.76	12.79	15.67
Oct	21.21	71.98	6.81	14.39

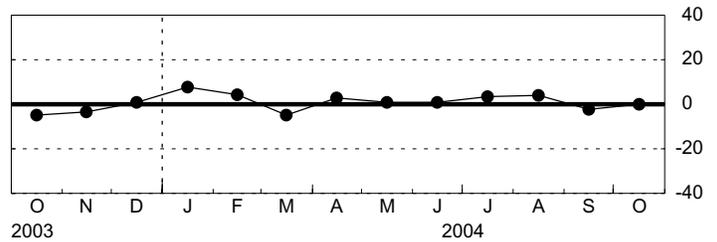
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	12.20	73.17	14.63	-2.44
Oct	9.17	81.67	9.17	0.00

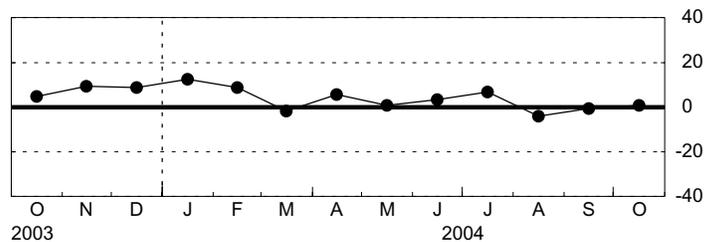
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	21.14	56.91	21.95	-0.81
Oct	25.83	49.17	25.00	0.83

Inventories - Diffusion Index

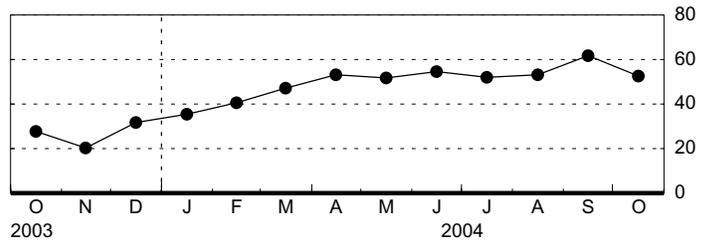


Empire State Manufacturing Survey, October 2004, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	65.04	31.71	3.25	61.79
Oct	57.50	37.50	5.00	52.50

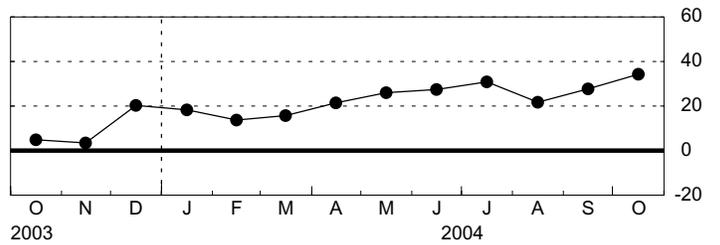
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	39.02	49.59	11.38	27.64
Oct	45.83	42.50	11.67	34.17

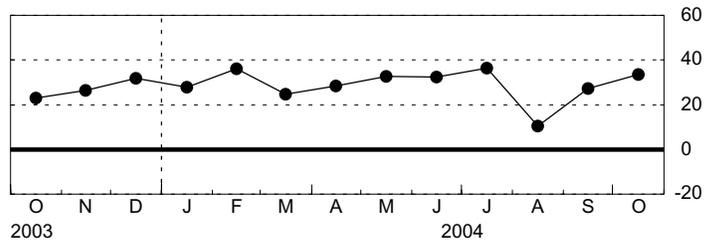
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	34.96	57.28	7.76	27.20
Oct	40.83	52.01	7.15	33.68

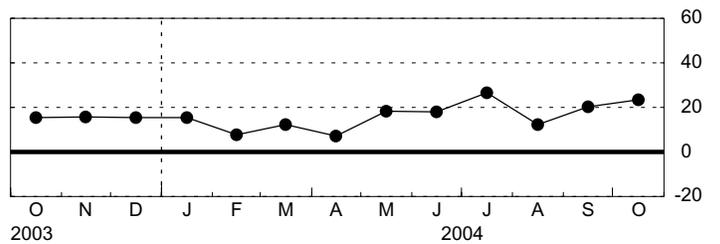
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	27.85	64.64	7.50	20.35
Oct	28.44	66.71	4.85	23.59

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	39.02	53.66	7.32	31.71
Oct	43.33	45.00	11.67	31.67

Capital Expenditures - Diffusion Index

