

January 2005

Empire State Manufacturing

Survey

For release: January 18, 2005 8:30 a.m.

Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers improved significantly in January. The general business conditions index slipped several points from its December level, but remained staunchly positive at 20.1. Although indexes for new orders, shipments, and unfilled orders were also positive, the indexes were lower than their elevated December levels. The inventories index fell well below zero for the first time in more than a year. Price indexes remained high, with the prices received index rising 12 points to reach a record. Employment indexes were positive, with the average workweek index posting a sizable gain. Future indexes reflected ongoing optimism and an expectation that higher prices and employment will continue.

Business Conditions Remain Positive

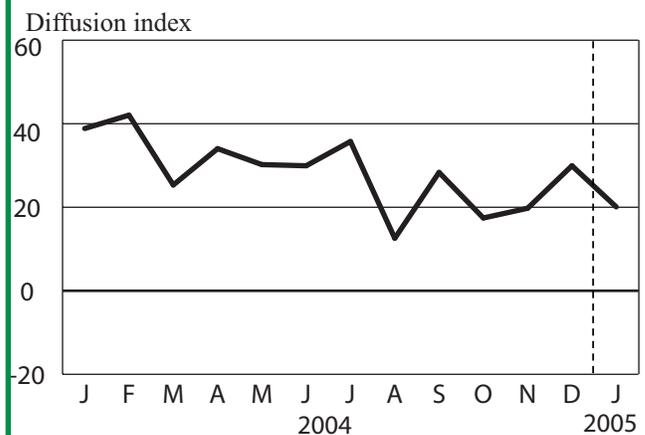
Indicators continued their positive showing in January, but they returned to the levels reached in the months prior to a jump in December. The general business conditions index fell several points, to 20.1. Improving conditions were cited by 38 percent of respondents, virtually unchanged from last month, while deteriorating conditions were reported by 18 percent, up from 12 percent. The new orders index, after rising nearly 20 points last month, fell back to 21.0, suggesting a continued gain in orders. Nearly 40 percent of respondents observed an increase in orders, while 18 percent saw a decline. The shipments index also fell after a sharp rise last month; however, at 26.2, the index pointed to substantial improvement again in January, as more than 42 percent indicated a rise in shipments. The unfilled orders index fell slightly from its December level, to 5.7.

The delivery time index hovered near zero, as it has for the past several months. The inventories index dropped sharply, to -10.9. This decline represents the first time in more than a year that the index has been significantly below zero. This month, 27 percent reported a decrease in inventories while 16 percent noted a gain.

Prices and Employment Rise

Price indexes remained elevated. The prices paid index dropped somewhat from December, but remained high at 50.4. The prices received index jumped 12 points, to 27.7—a new high. A record 34 percent received higher prices in January, up from 25 percent, while only 7 percent received lower prices.

General Business Conditions



Continued expansion was evident from the employment indexes. The index for the number of employees, at 12.7, was close to last month's level, as 29 percent hired more workers and 16 percent pruned jobs. On the heels of three months of near-zero readings, the average workweek index rose 14 points, to 16.7.

Favorable Outlook Continues

Future indexes reflected ongoing optimism. Despite a downward trend since November, the future general business conditions index, at 42.2 in January, conveyed an expectation of a further improvement in conditions. The future new orders and shipments indexes reached levels approaching 50. The future inventories index increased sharply, to 11.8, moving in a roughly equal, but opposite, direction to the current inventories index. Prices are expected to continue rising, as the future prices paid index remained above 50 and the future prices received index climbed to a record 35.3. Future employment indexes stayed positive. The capital expenditures index rose several points, to 32.8.

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.

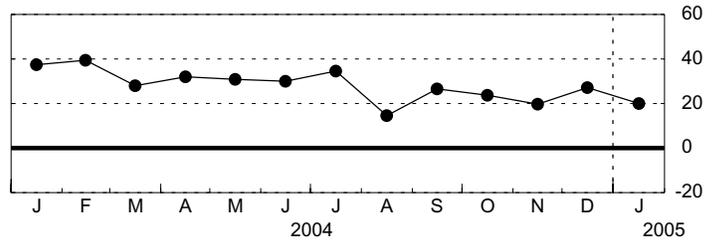
Empire State Manufacturing Survey, January 2005

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	38.97	49.13	11.90	27.07
Jan	37.78	44.53	17.70	20.08

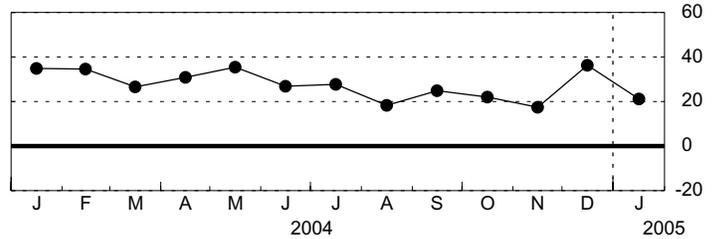
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	45.78	44.58	9.64	36.14
Jan	38.89	43.21	17.90	20.99

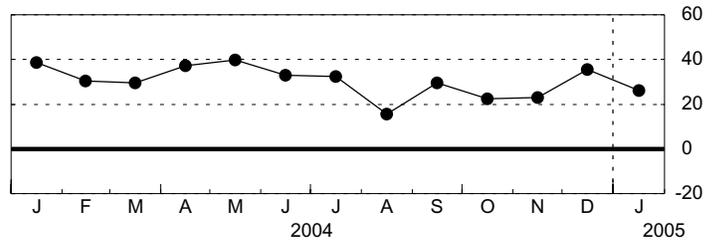
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	46.62	42.38	11.00	35.62
Jan	42.49	41.21	16.30	26.20

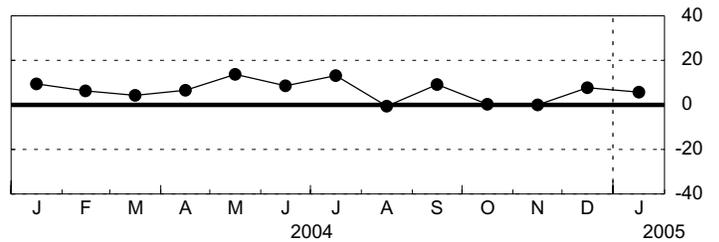
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	21.31	65.06	13.63	7.69
Jan	24.46	56.74	18.81	5.65

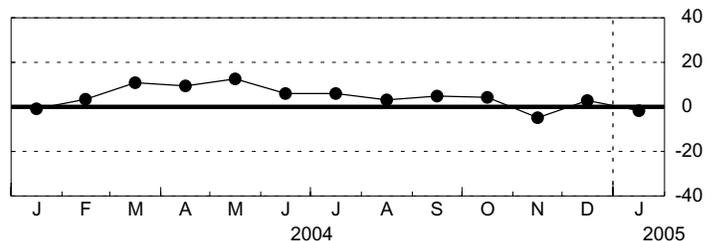
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	14.42	74.04	11.54	2.88
Jan	10.08	78.15	11.76	-1.68

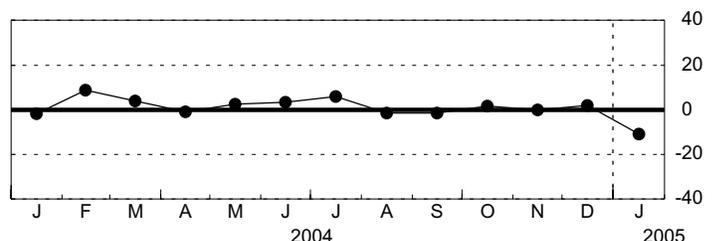
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	25.96	50.00	24.04	1.92
Jan	15.97	57.14	26.89	-10.92

Inventories - Diffusion Index

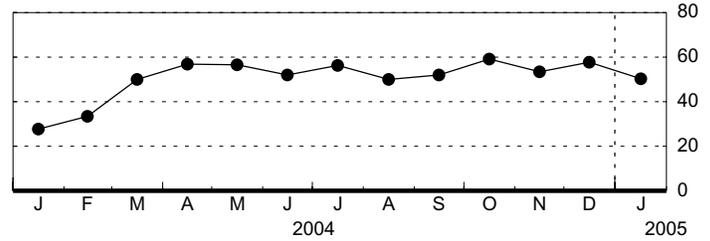


Empire State Manufacturing Survey, January 2005 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	58.65	40.38	0.96	57.69
Jan	52.94	44.54	2.52	50.42

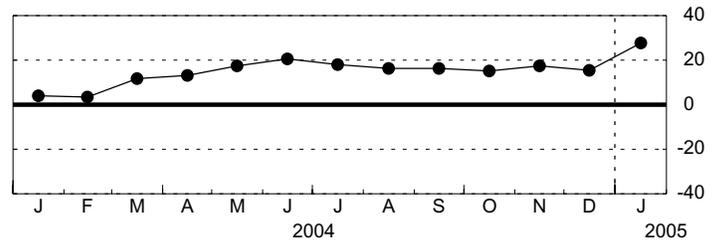
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	25.00	65.38	9.62	15.38
Jan	34.45	58.82	6.72	27.73

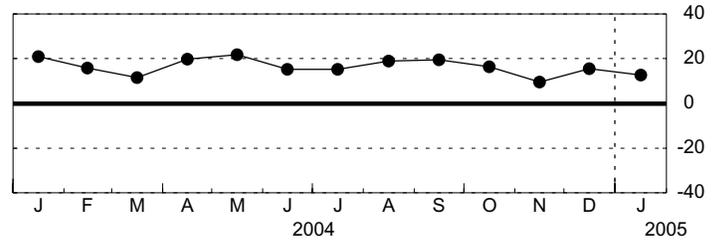
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	31.10	53.52	15.38	15.71
Jan	28.68	55.35	15.97	12.71

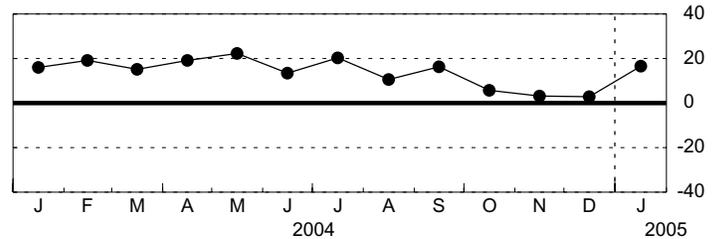
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	16.32	70.21	13.46	2.86
Jan	25.97	64.79	9.24	16.72

Average Employee Workweek - Diffusion Index

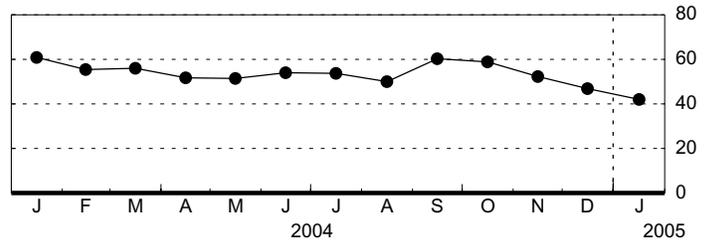


Empire State Manufacturing Survey, January 2005, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	54.79	37.38	7.83	46.96
Jan	49.93	42.29	7.77	42.16

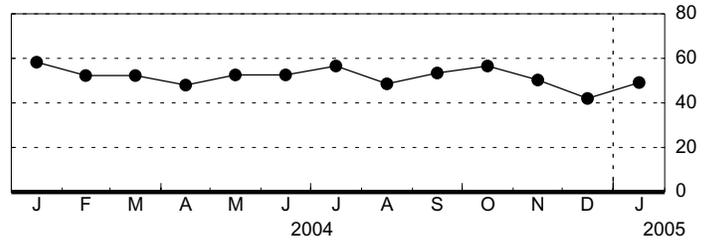
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	53.74	34.37	11.89	41.84
Jan	55.82	37.44	6.74	49.07

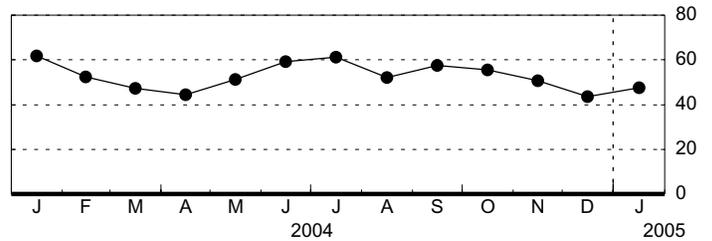
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	55.99	31.48	12.53	43.46
Jan	53.61	40.45	5.94	47.67

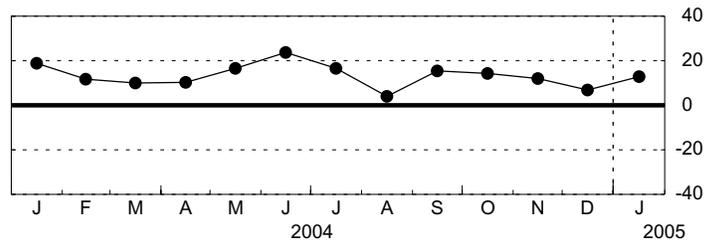
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	21.80	63.40	14.79	7.01
Jan	23.64	65.53	10.82	12.82

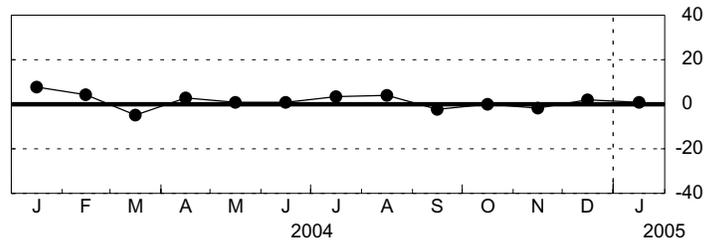
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	15.38	71.15	13.46	1.92
Jan	10.92	78.99	10.08	0.84

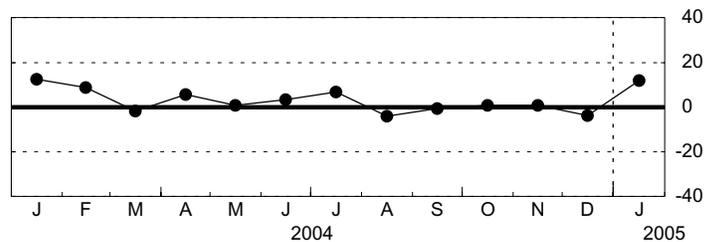
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	25.96	44.23	29.81	-3.85
Jan	29.41	52.94	17.65	11.76

Inventories - Diffusion Index

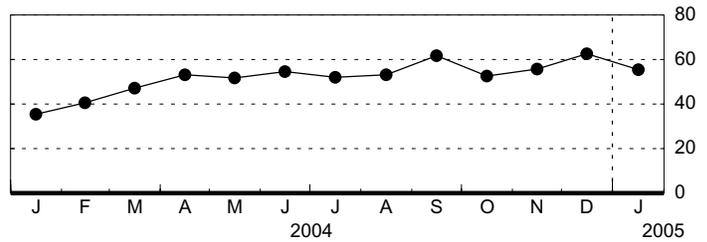


Empire State Manufacturing Survey, January 2005, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	67.31	27.88	4.81	62.50
Jan	57.14	41.18	1.68	55.46

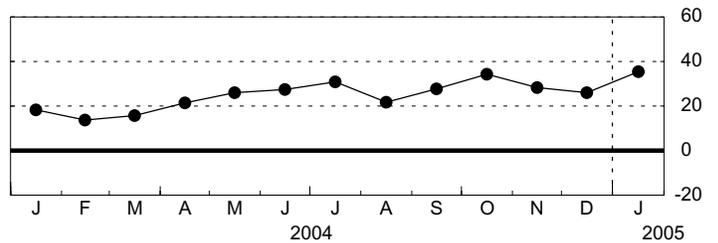
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	43.27	39.42	17.31	25.96
Jan	42.02	51.26	6.72	35.29

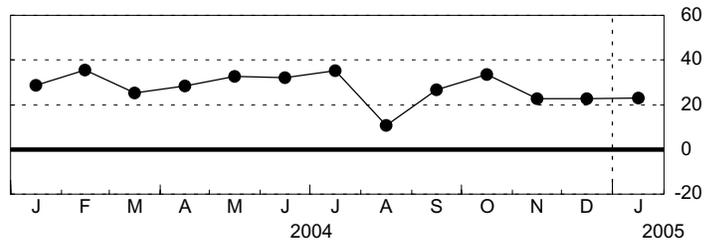
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	38.46	45.92	15.62	22.84
Jan	30.25	62.40	7.35	22.91

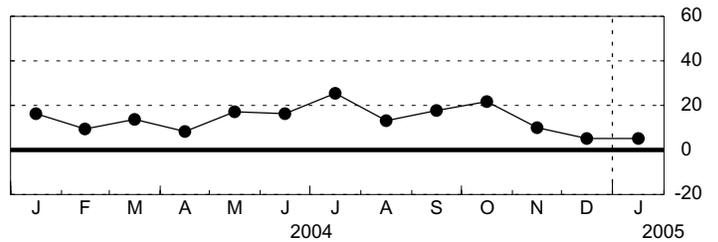
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	18.43	68.26	13.31	5.11
Jan	12.84	79.43	7.72	5.12

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	35.58	54.81	9.62	25.96
Jan	39.50	53.78	6.72	32.77

Capital Expenditures - Diffusion Index

