

February 2003

Empire State Manufacturing Survey



Summary

The *Empire State Manufacturing Survey* indicates that conditions for New York's manufacturers were relatively stable in February. The general business conditions index remained positive but fell substantially, from 20.7 to 1.1. New orders and shipments indexes also dropped, but did so to a lesser degree. Both indexes fell to approximately 12. The unfilled orders, delivery time, and inventories indexes were negative, but each improved slightly from last month. A rise of nearly 12 points brought the prices paid index to 19.2, a record level. The prices received index remained negative at -14.4. The average workweek index rose to 11.3, but the employment index remained near zero.

Respondents continued to be optimistic about the future, but were less so than in recent months. The general business conditions index for six months ahead fell 14 points, to 35.9. Similar declines were seen in indexes for future new orders and shipments. A precipitous drop in the future index for unfilled orders brought that index to 2.8. Future employment indexes were mixed. The capital expenditures index remained positive at 10.7.

General Business Conditions Index Falls

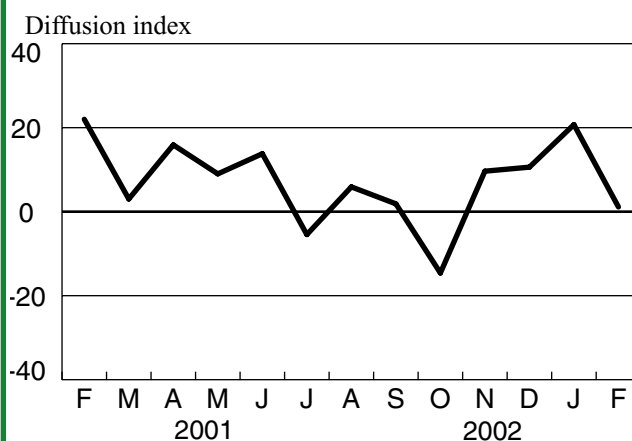
The general business conditions index dropped nearly 20 points, to 1.1. Twenty-four percent of respondents said that conditions improved, down from 35 percent who did so last month, and 23 percent—up from 14 percent last month—said that conditions deteriorated. The new orders index, at 12.3, fell from last month's level, with nearly one-third of respondents reporting a higher level of orders. The shipments index dipped to 11.8, a level similar to that of the new orders index. The unfilled orders index remained negative but improved, from -14.7 to -10.7. A slight increase, to -5.3, was seen in the delivery time index. The inventories index rose for a second consecutive month but remained negative at -3.8.

Pricing Pressures Increase

The prices paid index rose to a record 19.2, with 23 percent of respondents reporting higher prices and only 4 percent reporting lower prices. The prices received index remained negative and near its previous levels. Only 5 percent indicated that they received higher prices in February, while 19 percent reported receiving lower prices.

Employment indexes were mixed. The number of employees index hovered around zero, as it has for the past several months.

General Business Conditions



About 18 percent reported adding employees and about 18 percent reported cutting jobs. The average workweek index rose to 11.3. Although nearly three-quarters of respondents indicated that workweek length was unchanged, 19 percent reported an increase. Only 8 percent reported a decline.

Future Indexes Fall

Most future indexes were lower this month than last. The future business conditions index, like the current business conditions index, dropped substantially, but remained solidly positive at 35.9. New orders and shipments indexes for six months ahead saw similar declines to similar levels. The future unfilled orders index fell to 2.8, dropping 20 points. The future delivery time index fell to -7.1 and the future inventories index declined to -3.7.

Respondents expect to pay higher prices six months ahead: the future prices paid index rose sharply, to 21.7 from 9.0 last month. The future prices received index fell marginally, to -8.3. Although the future index for employment remained positive at 10.3, the future workweek index dropped below zero to -2.8. The capital expenditures index fell slightly to 10.7.

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.

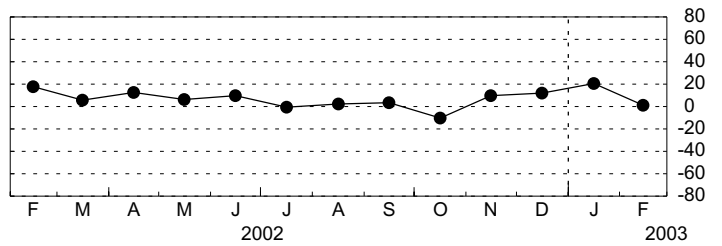
Empire State Manufacturing Survey, February 2003

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	34.70	51.32	13.98	20.72
Feb	24.42	52.29	23.29	1.13

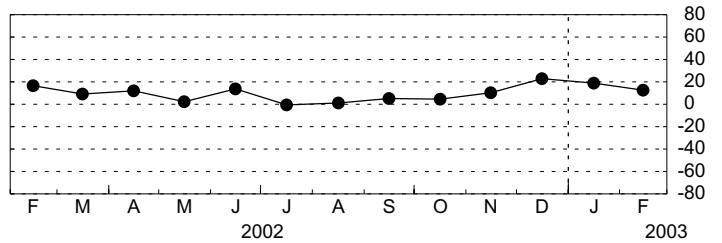
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	36.46	45.87	17.67	18.79
Feb	31.85	48.56	19.59	12.27

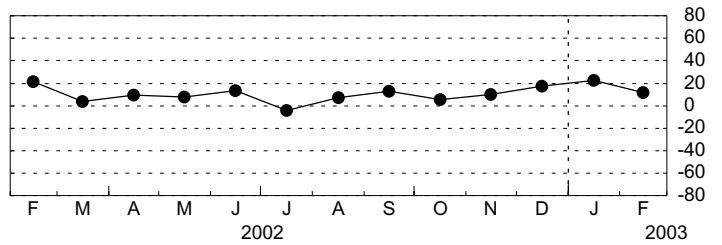
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	33.85	55.08	11.07	22.79
Feb	31.22	49.40	19.38	11.84

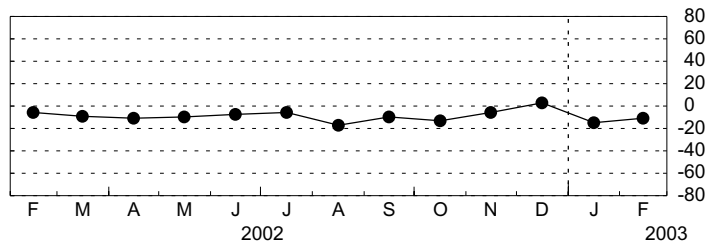
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	10.95	63.44	25.60	-14.65
Feb	9.25	70.84	19.91	-10.65

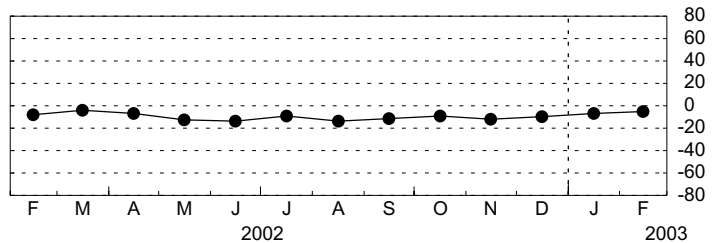
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	5.35	82.15	12.50	-7.15
Feb	7.94	78.79	13.27	-5.32

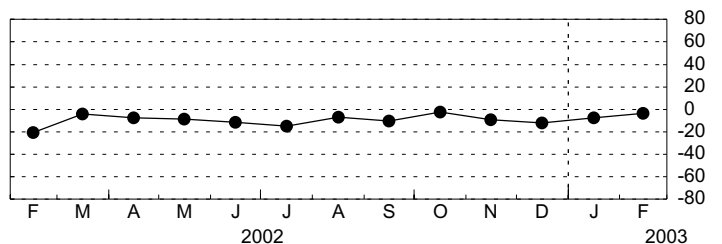
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	17.31	58.03	24.67	-7.36
Feb	21.43	53.37	25.21	-3.78

Inventories - Diffusion Index



Empire State Manufacturing Survey, February 2003

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	12.11	83.08	4.81	7.30
Feb	23.23	72.69	4.08	19.15

Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	4.60	75.20	20.19	-15.59
Feb	4.99	75.62	19.39	-14.40

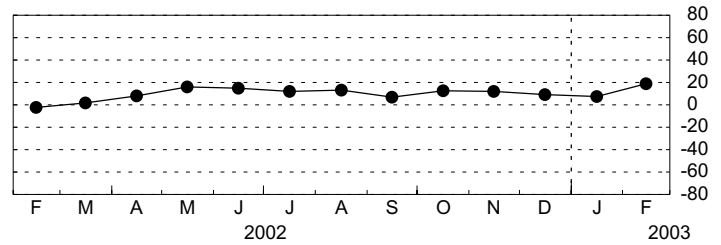
No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	18.18	64.26	17.56	0.62
Feb	18.33	63.47	18.21	0.12

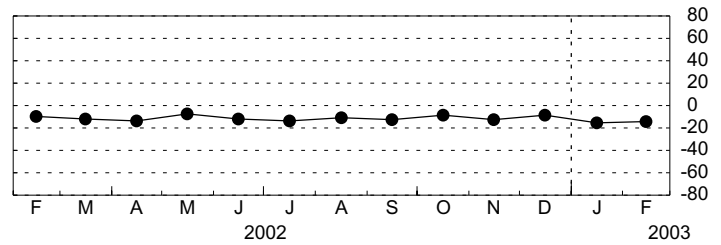
Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	19.70	67.36	12.95	6.75
Feb	18.85	73.61	7.54	11.30

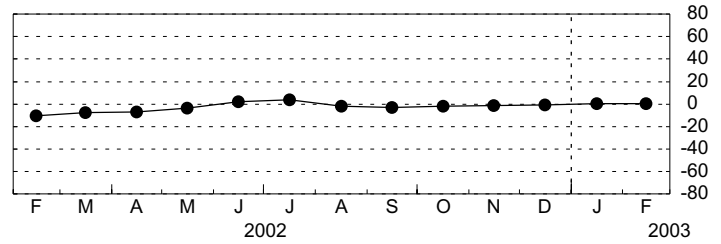
Prices Paid - Diffusion Index



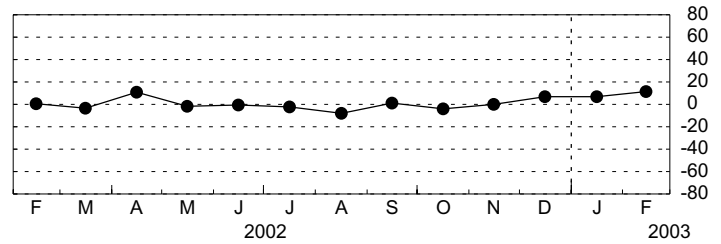
Prices Received - Diffusion Index



No. of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index

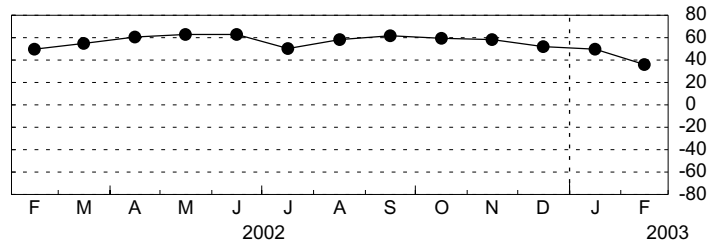


Empire State Manufacturing Survey, February 2003, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	56.57	36.53	6.90	49.68
Feb	48.15	39.56	12.28	35.87

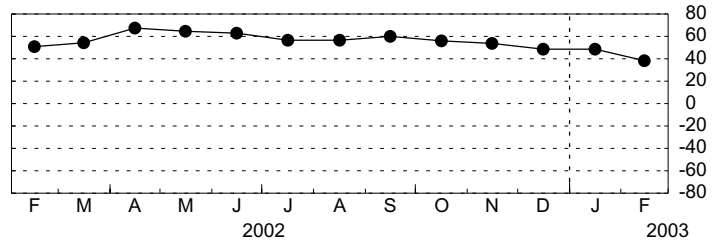
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	57.14	34.04	8.82	48.32
Feb	50.21	37.63	12.15	38.06

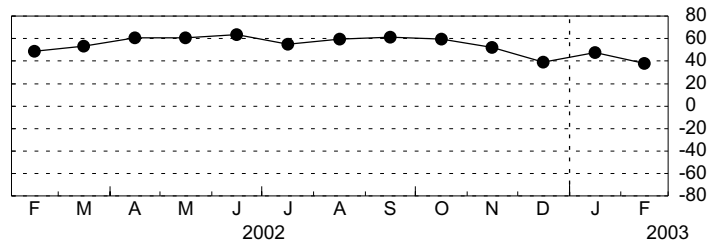
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	57.03	33.75	9.22	47.81
Feb	47.67	42.93	9.39	38.28

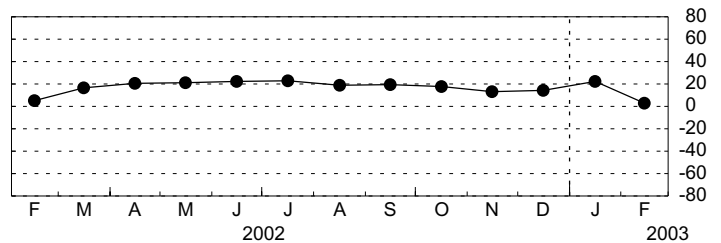
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	31.20	60.29	8.52	22.68
Feb	13.83	75.09	11.08	2.75

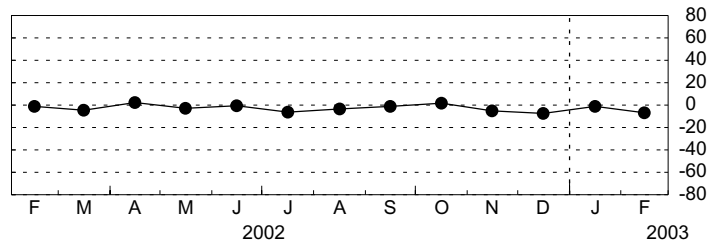
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	10.42	78.21	11.37	-0.95
Feb	10.75	71.36	17.89	-7.13

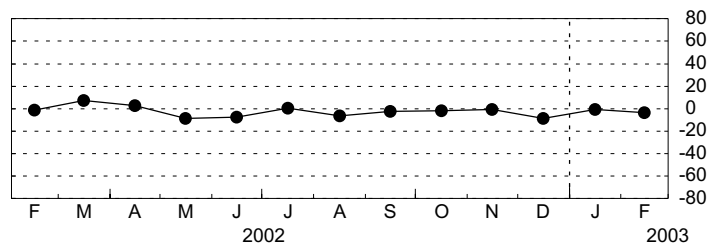
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	22.78	53.76	23.46	-0.68
Feb	19.01	58.33	22.66	-3.65

Inventories - Diffusion Index

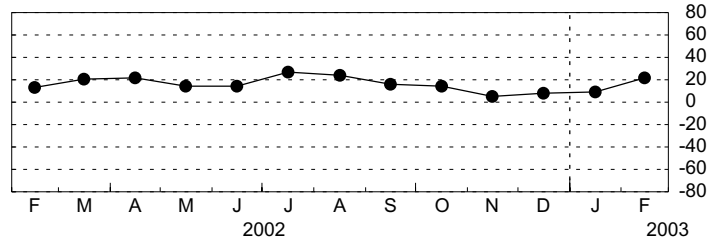


Empire State Manufacturing Survey, February 2003, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	18.12	72.75	9.13	8.98
Feb	27.64	66.39	5.97	21.67

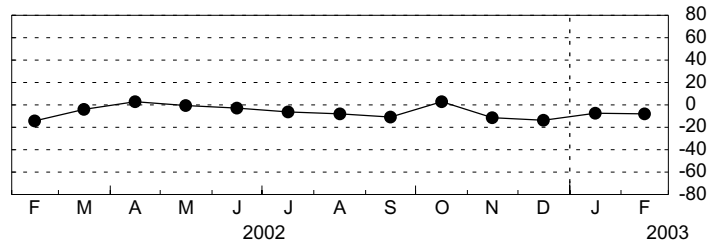
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	6.13	80.41	13.46	-7.34
Feb	7.03	77.66	15.31	-8.27

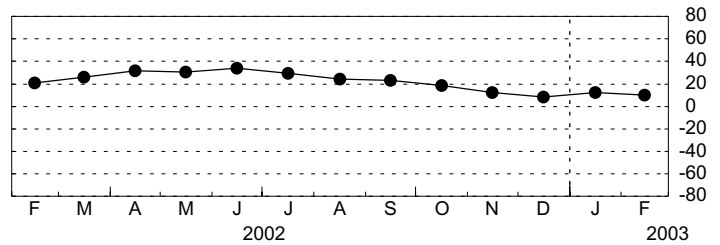
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	26.54	59.04	14.42	12.11
Feb	27.54	55.16	17.30	10.25

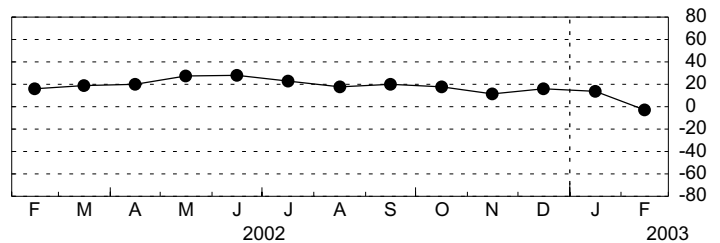
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	24.45	64.87	10.68	13.78
Feb	14.89	67.40	17.70	-2.81

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	27.46	62.00	10.55	16.91
Feb	25.65	59.36	14.98	10.67

Capital Expenditures - Diffusion Index

