

February 2004

Empire State Manufacturing Survey

For release: February 17, 2004 8:30 a.m.

Summary

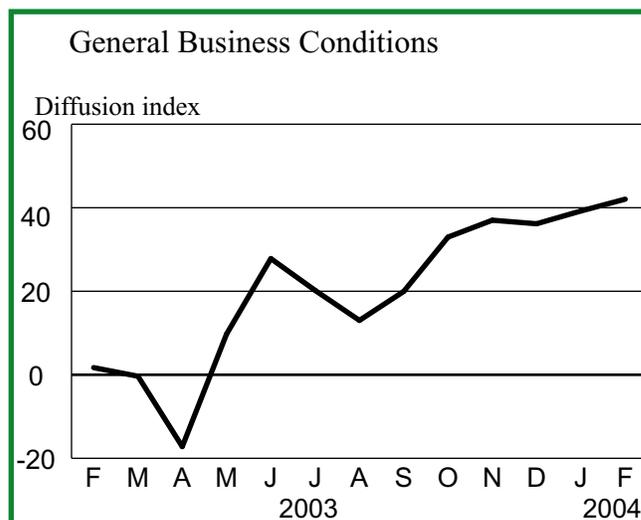
The *Empire State Manufacturing Survey* indicates continued improvement in New York's manufacturing sector in February. The general business conditions index reached 42.1, topping last month's record high. The indexes for new orders and shipments indicated significant improvement as well, and the unfilled orders index was also positive. For the first time in several months, the delivery time index crept above zero, and the inventories index was at its highest level in more than a year. The prices paid index rose to a new high, and the prices received index remained positive for a second consecutive month. Both employment indexes indicated improvement, with the average workweek index reaching a record high. Future indexes reflected continuing optimism.

General Business Conditions Index Breaks January's Record High

The general business conditions index rose to a new high in February, inching above January's level to reach 42.1. This reading marks the fifth consecutive month that the general business conditions index has been above 30. More than half of respondents said that conditions had improved in February, slightly more than did so last month, while 10 percent reported that conditions had deteriorated. The new orders index reached 34.9, a level very similar to those reported in the preceding four months. Although the shipments index dipped to 26.6 from its January reading of 41.4, it still indicated a significant increase: 44 percent of respondents reported that shipments rose in February. The unfilled orders index was slightly positive at 6.5. The delivery time index climbed above zero for the first time in several months, with 12 percent indicating longer delivery times. The inventories index rose more than 10 points, reaching 8.6 after being slightly negative in January; 28 percent of respondents reported a rise in inventories.

A Continued Rise in Prices Paid

The prices paid index hit a new high, rising from 27.9 to 33.6 and continuing the pattern of increases observed in the preceding three months. Thirty-nine percent of respondents reported an increase in prices, while only 5 percent reported a decline. The prices received index, consistently negative through the end of 2003, was above zero for a second consecutive month. Although 74 percent of respondents reported no change in prices received, 15 percent reported an increase and 11 percent reported a decrease.



Employment indexes indicated continued improvement. The number of employees index fell several points from last month, but remained solidly positive at 16.5. Twenty-eight percent of respondents reported higher employment levels in February, while only 11 percent reported a decline. The average workweek index reached its highest level on record, 26.5, with 34 percent of respondents reporting a longer workweek and 8 percent reporting a shorter workweek.

Respondents Remain Optimistic

Respondents were optimistic about future conditions, just as they had been throughout much of the past year. The future general business conditions index was 57.9, and the future new orders and shipments indexes were at similar levels. The future prices paid index rose to 40.5, while the future prices received index was 13.8, a level close to those observed in December and January but markedly higher than the levels reported for much of the past year. The future number of employees index rose to 36.2, with 43 percent of respondents expecting to increase hiring in the next six months and only 7 percent expecting to reduce employment. The capital expenditures index rose to 32.8.

Note: All seasonally adjusted data have undergone an annual benchmark revision in which seasonal adjustment factors were modified. Thus, historical results in this report may differ from the results cited in previous reports.

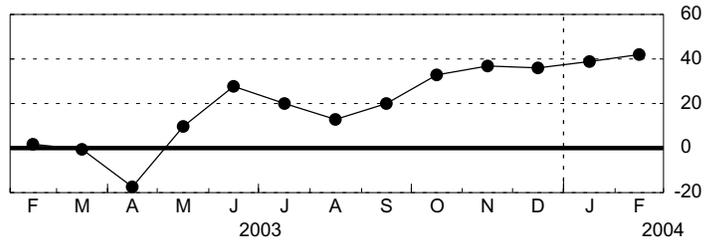
Empire State Manufacturing Survey, February 2004

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	49.94	38.96	11.10	38.85
Feb	52.51	37.03	10.46	42.05

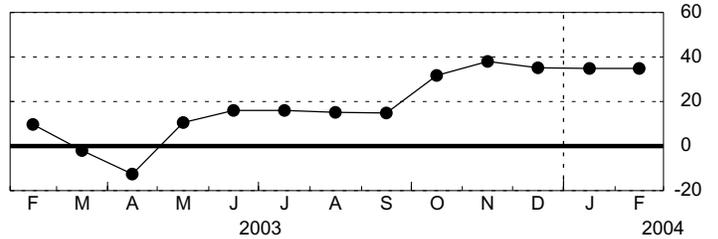
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	49.03	36.75	14.21	34.82
Feb	48.91	37.12	13.97	34.94

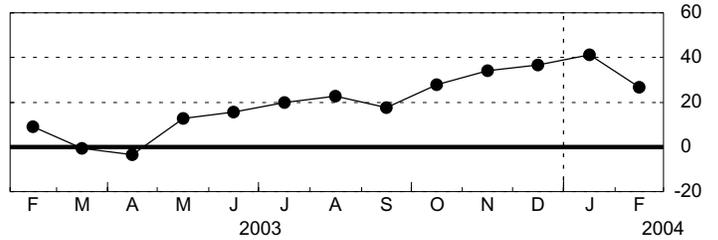
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	54.58	32.23	13.19	41.39
Feb	43.91	38.80	17.29	26.61

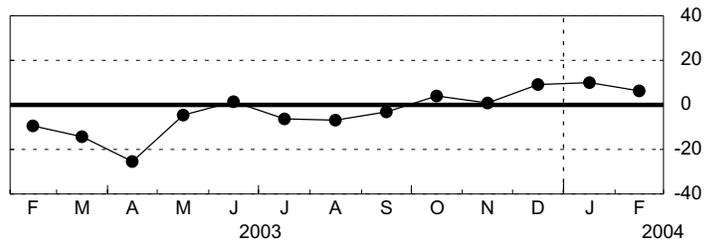
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	26.03	57.93	16.04	9.99
Feb	24.39	57.70	17.91	6.48

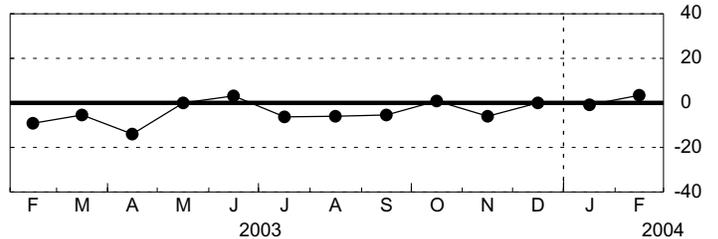
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	10.58	77.88	11.54	-0.96
Feb	12.07	79.31	8.62	3.45

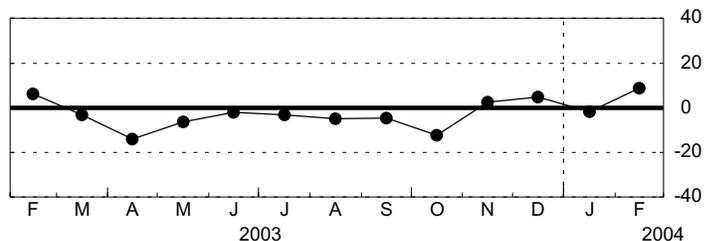
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	22.12	53.85	24.04	-1.92
Feb	27.59	53.45	18.97	8.62

Inventories - Diffusion Index



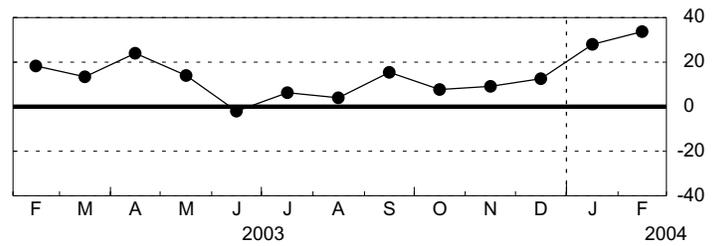
Empire State Manufacturing Survey, February 2004

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	32.69	62.50	4.81	27.88
Feb	38.79	56.03	5.17	33.62

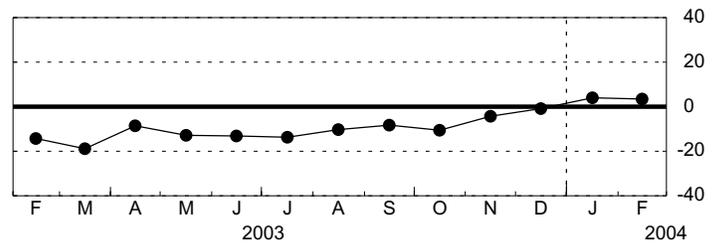
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	15.38	73.08	11.54	3.85
Feb	14.66	74.14	11.21	3.45

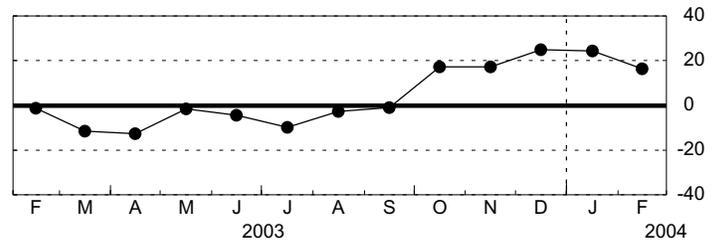
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	35.09	54.34	10.58	24.51
Feb	27.74	61.05	11.21	16.54

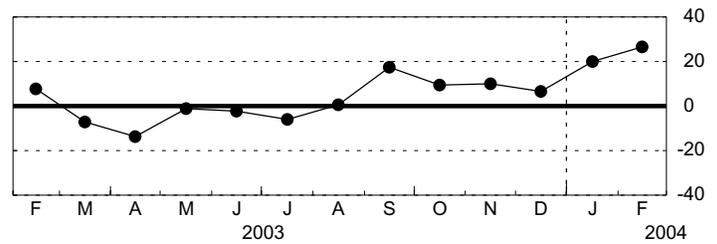
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	30.67	58.76	10.58	20.09
Feb	34.30	57.95	7.76	26.54

Average Employee Workweek - Diffusion Index

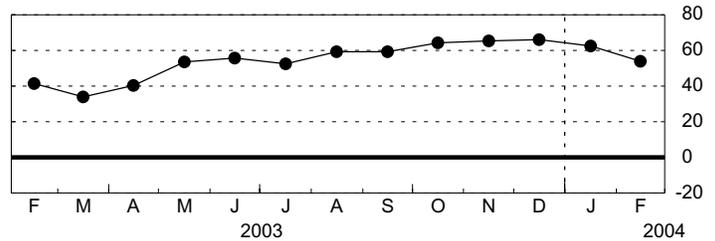


Empire State Manufacturing Survey, February 2004, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	66.58	29.33	4.09	62.49
Feb	57.91	38.10	3.99	53.93

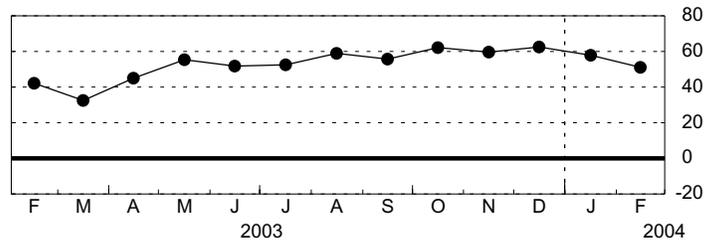
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	65.50	26.86	7.64	57.86
Feb	56.96	37.22	5.83	51.13

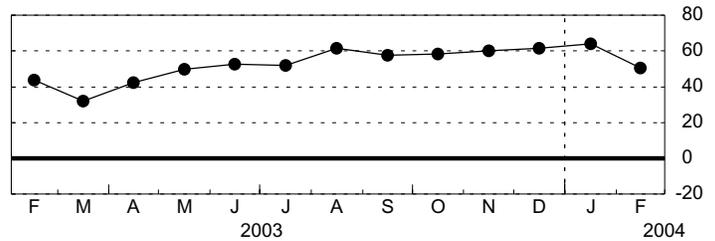
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	70.82	22.59	6.59	64.23
Feb	57.25	35.91	6.83	50.42

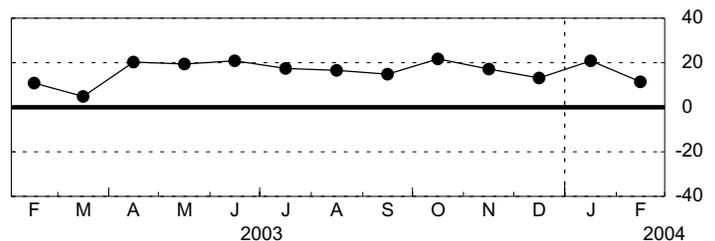
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	28.82	63.20	7.98	20.84
Feb	22.98	65.47	11.55	11.43

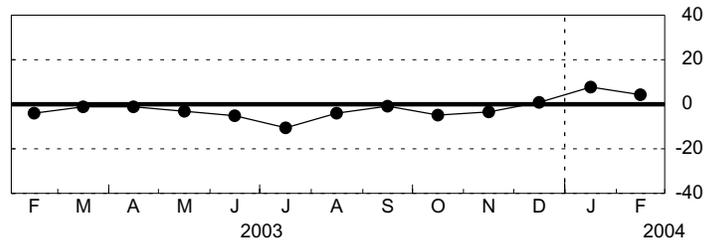
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	13.46	80.77	5.77	7.69
Feb	16.38	71.55	12.07	4.31

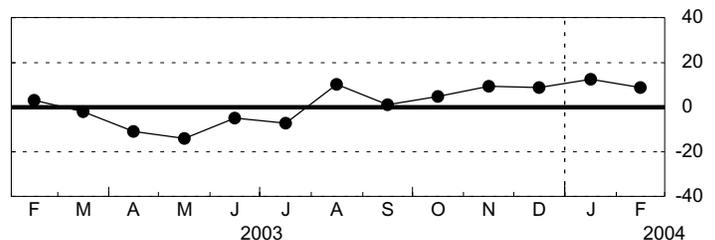
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	34.62	43.27	22.12	12.50
Feb	28.45	51.72	19.83	8.62

Inventories - Diffusion Index

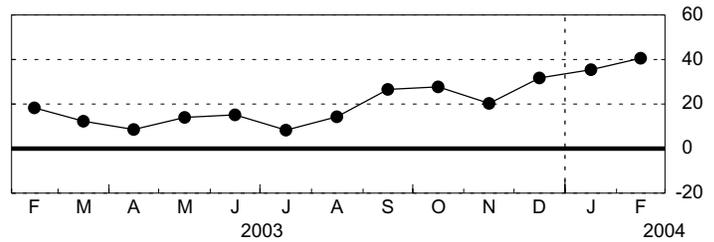


Empire State Manufacturing Survey, February 2004, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	40.38	54.81	4.81	35.58
Feb	44.83	50.86	4.31	40.52

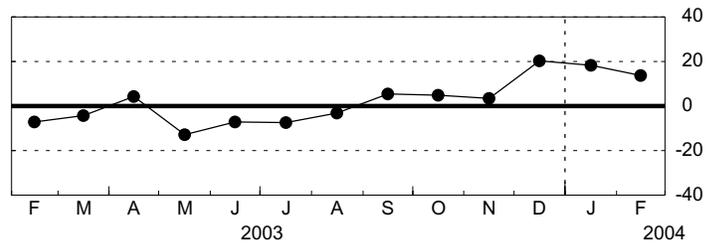
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	28.85	60.58	10.58	18.27
Feb	25.00	63.79	11.21	13.79

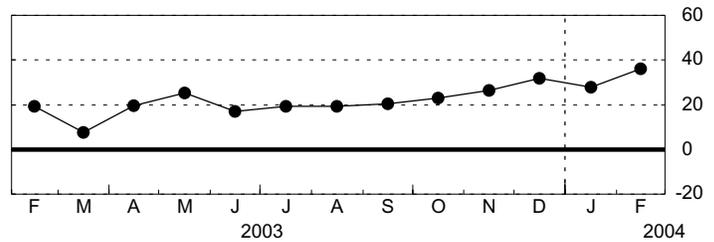
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	38.46	50.84	10.70	27.76
Feb	43.10	49.95	6.95	36.16

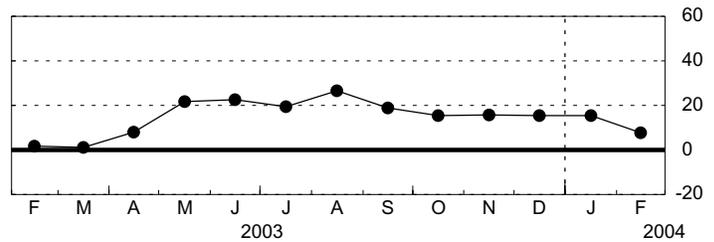
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	26.49	62.42	11.09	15.41
Feb	18.80	70.16	11.04	7.76

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	38.46	50.00	11.54	26.92
Feb	42.24	48.28	9.48	32.76

Capital Expenditures - Diffusion Index

