

# March 2003

## Empire State Manufacturing

Survey



### Summary

The *Empire State Manufacturing Survey* indicates that conditions for New York's manufacturers deteriorated in March. The general business conditions index fell below zero for the first time since October, reaching -2.5. All indexes were negative—with the exception of the prices paid index. The new orders index fell several points to -6.9, while the shipments index fell over 15 points to -4.9. The unfilled orders index remained negative for the third consecutive month. Although the prices paid index eased from last month, it remained positive at 9.2. The prices received index fell to -20.0, its lowest level in more than a year. Employment indexes also took a turn for the worse. The number of employees and the average employee workweek indexes both dropped substantially below zero.

Future indexes also worsened, but most of them remained solidly positive. The future general business conditions, new orders, and shipments indexes all were near 30. Pricing pressures are expected to continue, with the future prices paid index reading positive and the future prices received index reading negative. Respondents indicate that future employment is expected to remain relatively steady. The capital expenditures index worsened for the third consecutive month, falling to 8.4.

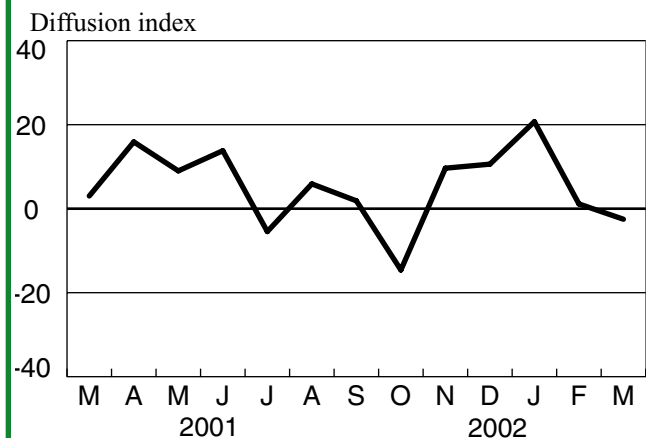
### Business Conditions Remain Tepid

The general business conditions index fell slightly from last month's level, dipping below zero for the first time since October. This month's reading marked the second consecutive decline for that index. Twenty-two percent of respondents indicated an improvement in conditions, while 25 percent indicated a decline. Slightly more than 50 percent reported no change. The new orders index fell sharply, from 12.3 last month to -6.9. A little more than one-quarter of respondents reported a decline in orders, while the percent reporting an increase fell from 32 percent last month to 20 percent in March. The shipments index registered a similar fall—from 11.8 to -4.9. The unfilled orders index fell to -15.2, but remained close to its levels of the previous two months. A slight drift upward in the delivery time index brought it to -3.3, and the inventories index remained negative at -7.3.

### Product Prices Falling

The prices paid index fell slightly, returning to 9.2—its average level over much of the preceding year. Only 6 percent of respondents reported paying lower prices, while 15 percent

### General Business Conditions



reported paying higher prices and 80 percent indicated no change. The prices received index fell to -20.0, its lowest level in more than a year. Twenty percent of respondents reported receiving lower prices, while none reported higher prices.

Employment indexes grew significantly worse. The number of employees index dipped well below zero, falling from 0.1 last month to -17.3. Twenty-six percent indicated a decline in employment levels, while only 8 percent reported an increase. The average workweek index dropped more than 25 points, falling from 11.3 to -15.0.

### Expectations Positive, but Lower

Most future indexes fell for the second consecutive month, but the majority of them remained positive. The future index for general business conditions fell from 35.9 to 29.8, with 47 percent of respondents expecting conditions to improve. Future indexes for new orders and shipments both fell from about 38 to slightly less than 30. The future prices paid index remained positive, but dropped to 13.3, while the future prices received index remained negative, improving slightly from -8.3 to -5.8. Future employment indexes were close to zero. The capital expenditures index was 8.4, with 22 percent of respondents indicating an increase in spending

### 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.

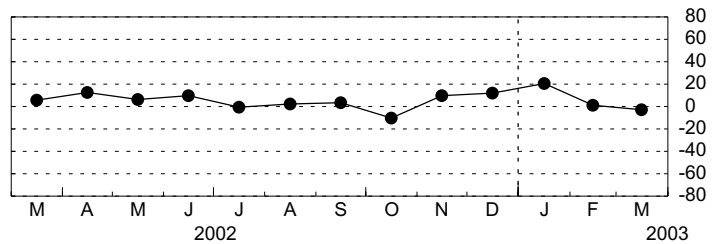
# Empire State Manufacturing Survey, March 2003

## Seasonally Adjusted

### General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	24.42	52.29	23.29	1.13
Mar	22.19	53.10	24.70	-2.51

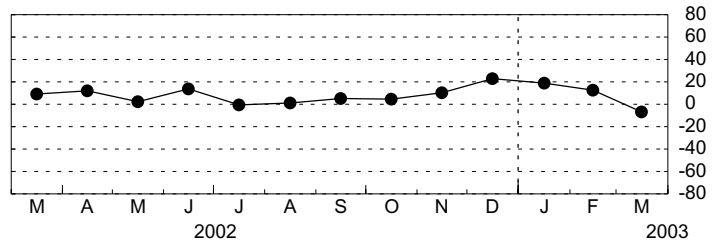
### General Business Conditions - Diffusion Index



### New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	31.85	48.56	19.59	12.27
Mar	19.56	53.99	26.44	-6.88

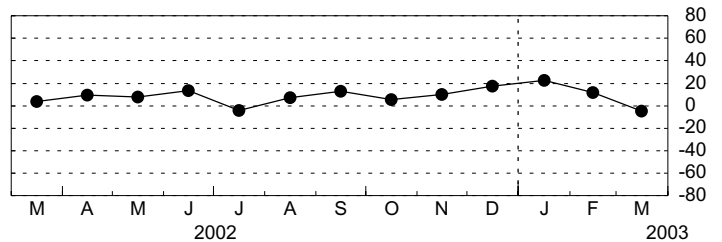
### New Orders - Diffusion Index



### Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	31.22	49.40	19.38	11.84
Mar	23.76	47.60	28.65	-4.89

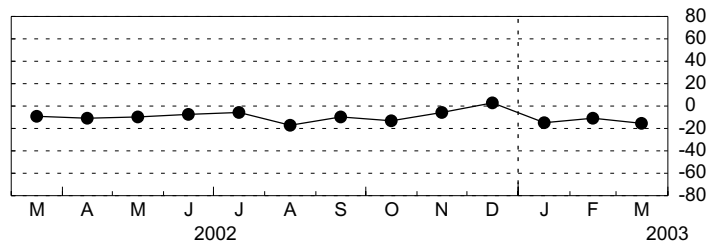
### Shipments - Diffusion Index



### Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	9.25	70.84	19.91	-10.65
Mar	11.72	61.35	26.94	-15.22

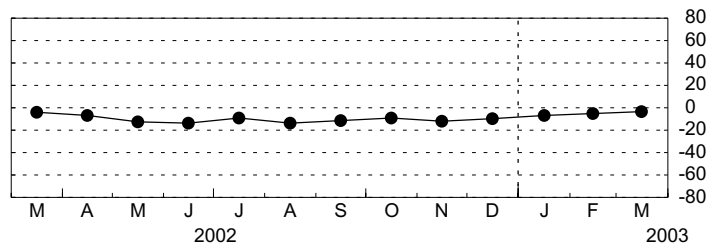
### Unfilled Orders - Diffusion Index



### Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	7.94	78.79	13.27	-5.32
Mar	6.71	83.29	10.00	-3.29

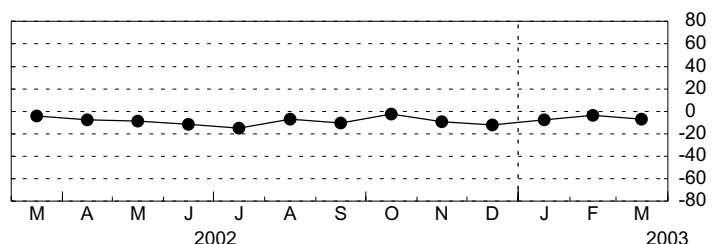
### Delivery Time - Diffusion Index



### Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	21.43	53.37	25.21	-3.78
Mar	20.00	52.69	27.31	-7.31

### Inventories - Diffusion Index



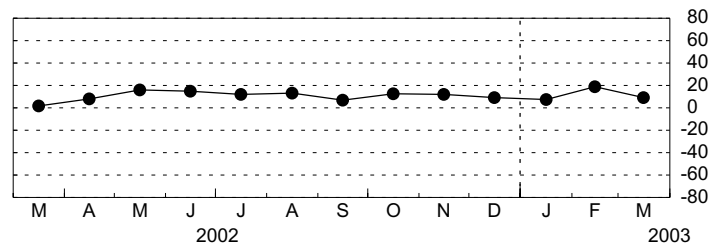
## Empire State Manufacturing Survey, March 2003

### Seasonally Adjusted

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	23.23	72.69	4.08	19.15
Mar	14.79	79.66	5.56	9.23

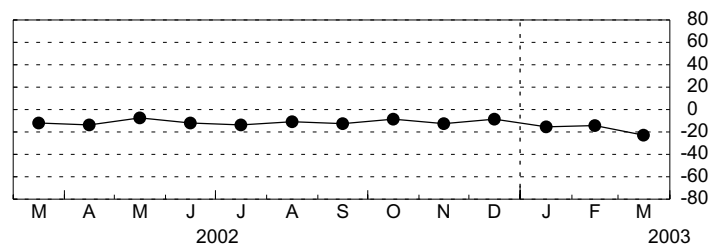
#### Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	4.99	75.62	19.39	-14.40
Mar	0.00	80.00	20.00	-20.00

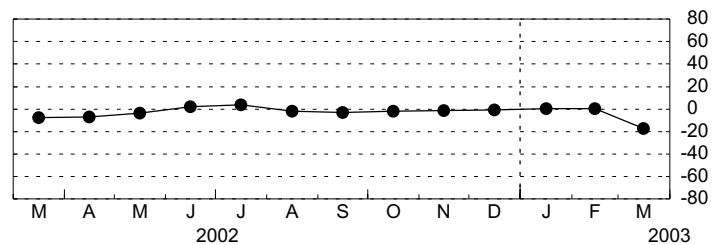
#### Prices Received - Diffusion Index



#### No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	18.33	63.47	18.21	0.12
Mar	8.39	65.98	25.63	-17.25

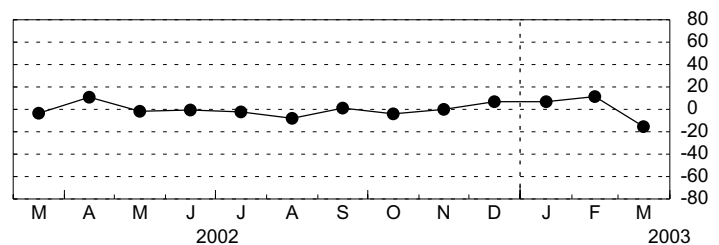
#### No. of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	18.85	73.61	7.54	11.30
Mar	3.66	77.63	18.70	-15.04

#### Average Employee Workweek - Diffusion Index

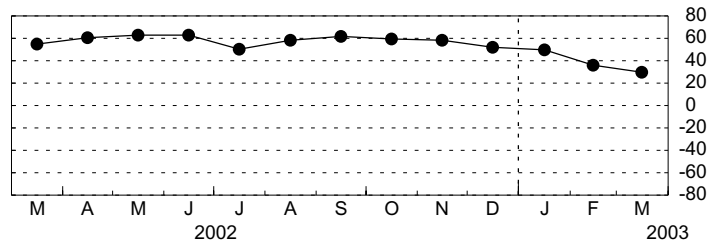


# Empire State Manufacturing Survey, March 2003, Expectations Six Months Ahead Seasonally Adjusted

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	48.15	39.56	12.28	35.87
Mar	46.86	36.10	17.04	29.83

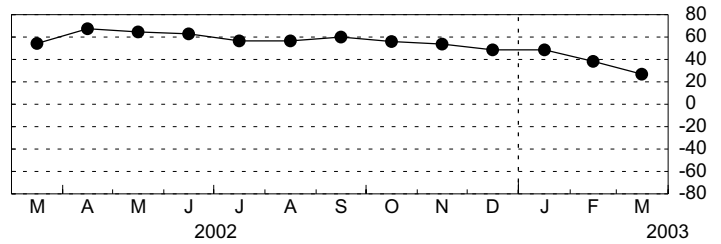
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	50.21	37.63	12.15	38.06
Mar	43.96	38.66	17.38	26.58

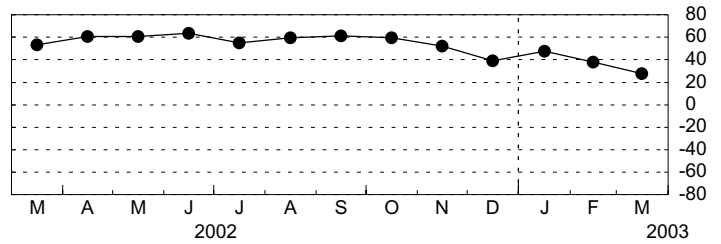
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	47.67	42.93	9.39	38.28
Mar	44.33	39.27	16.40	27.94

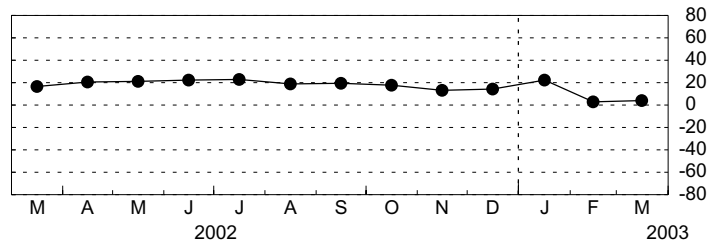
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	13.83	75.09	11.08	2.75
Mar	20.20	63.78	16.02	4.18

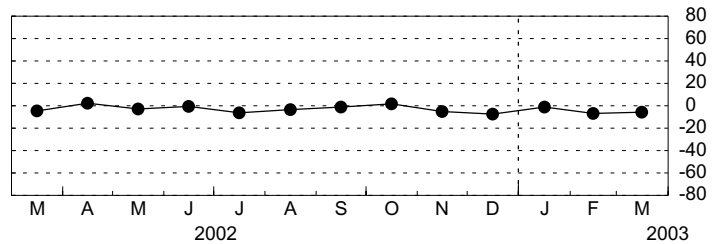
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	10.75	71.36	17.89	-7.13
Mar	8.22	77.95	13.83	-5.61

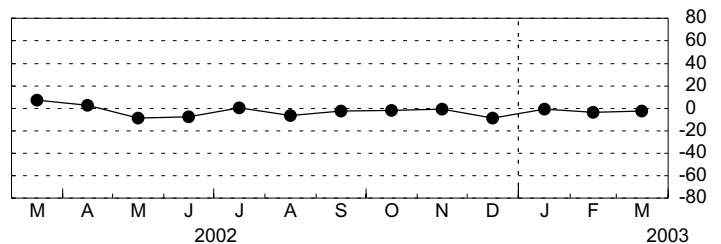
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	19.01	58.33	22.66	-3.65
Mar	20.91	55.62	23.47	-2.56

## Inventories - Diffusion Index

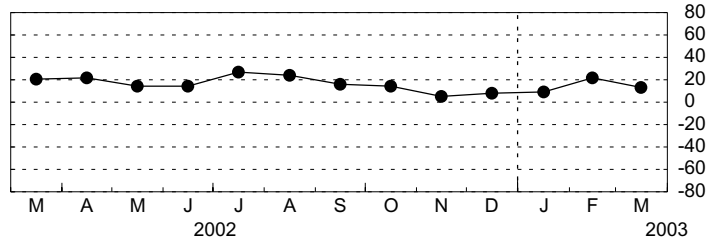


# Empire State Manufacturing Survey, March 2003, Expectations Six Months Ahead Seasonally Adjusted

## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	27.64	66.39	5.97	21.67
Mar	21.89	69.48	8.63	13.26

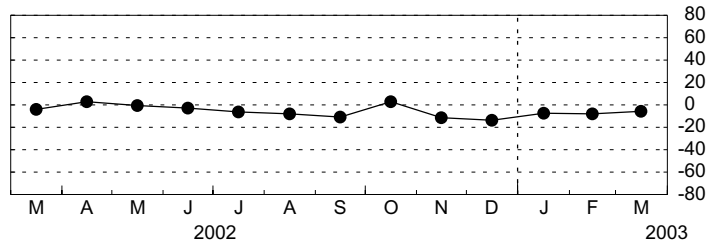
**Prices Paid - Diffusion Index**



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	7.03	77.66	15.31	-8.27
Mar	8.67	76.89	14.44	-5.77

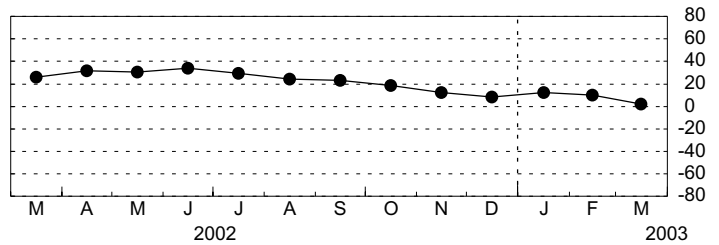
**Prices Received - Diffusion Index**



## No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	27.54	55.16	17.30	10.25
Mar	18.20	65.65	16.14	2.06

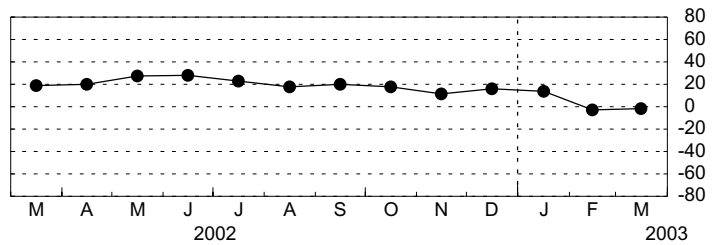
**No. of Employees - Diffusion Index**



## Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	14.89	67.40	17.70	-2.81
Mar	12.18	74.32	13.50	-1.32

**Average Employee Workweek - Diffusion Index**



## Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	25.65	59.36	14.98	10.67
Mar	22.05	64.32	13.62	8.43

**Capital Expenditures - Diffusion Index**

