

March 2005

For release: March 15, 2005 8:30 a.m.

Empire State Manufacturing Survey

Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers continued to improve in March. The general business conditions index, at 19.6, was virtually unchanged from its January and February levels. The new orders and shipments indexes, while clearly positive, fell from last month's level, and the unfilled orders index was negative for a second consecutive month. The inventories index dropped slightly below zero. Price indexes remained elevated and were generally within the narrow range observed during much of the past year; future price indexes indicate that respondents expect higher prices paid and received to persist. Future indexes were generally positive and optimistic, although the future unfilled orders index was slightly below zero.

Another Month of Solid Improvement

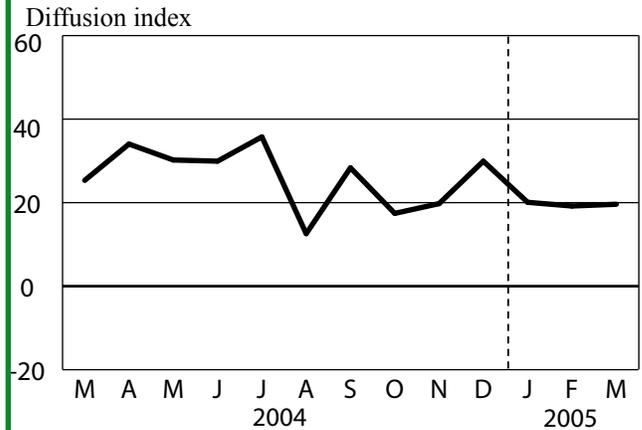
The March survey marked the twenty-third consecutive month that the general business conditions index was positive and indicated another month of solid improvement in manufacturing conditions. The index was 19.6 in March, conforming closely to its readings since August. Thirty-three percent of respondents said that conditions had improved this month, while 14 percent said that conditions had worsened. The new orders index continued the decline that began in January, falling to 7.9 from 17.3. This month, the percentage of respondents that saw new orders fall increased from 17 to 24 percent, while 32 percent—roughly the same number as last month—saw orders rise. The shipments index also fell, from 33.3 to 21.3. The unfilled orders index, at -10.9, was negative for a second consecutive month, with 22 percent reporting a decline in unfilled orders and 12 percent reporting an increase.

The delivery time index rose several points, to 3.7. The inventories index dropped below zero for the second time in the past three months, to -3.7, with 28 percent of respondents reporting lower inventories, the highest percentage in considerably more than a year.

Ongoing Escalation in Prices

Price indexes remained relatively high. The prices paid index rose several points to 53.2, with 54 percent of respondents paying higher prices and just 1 percent paying lower prices. The prices received index, at 15.6, was slightly above last month's level, with 24 percent receiving higher prices and 8 percent receiving lower prices.

General Business Conditions



Employment indexes indicated continued expansion. The number of employees index was 11.4, with 19 percent of respondents saying that employment had increased and 7 percent saying that employment had declined. The average workweek index was essentially unchanged from last month at 8.4, with 14 percent reporting a longer workweek and 6 percent reporting a shorter workweek.

Expansion Expected to Continue

Future indexes continued to convey optimism. The six-months-ahead indexes for general business conditions, new orders, and shipments were all slightly above 40—below levels of late last year but still clearly favorable. The future unfilled orders index was slightly below zero for a second consecutive month. Future price indexes indicated that respondents expect the increases in prices paid and received to persist. Sixty percent expect to be paying higher prices in six months, and more than 40 percent expect to charge higher prices. Future employment indexes showed that respondents anticipate an expansion in employment over the next six months. The capital expenditures index rose sharply to 33.0, its highest level in almost a year.

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.

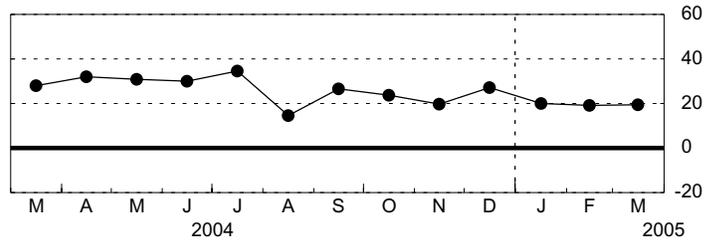
Empire State Manufacturing Survey, March 2005

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	36.11	46.98	16.91	19.19
Mar	33.17	53.27	13.56	19.61

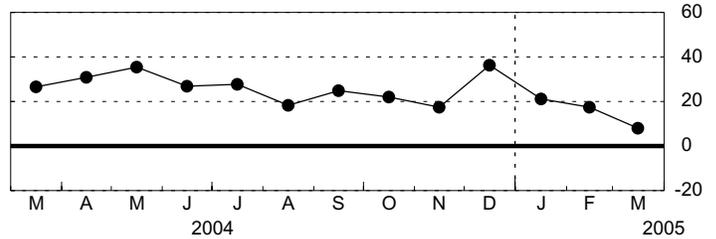
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	34.23	48.82	16.95	17.28
Mar	31.59	44.73	23.68	7.92

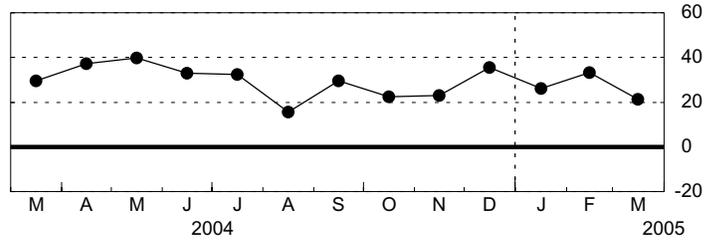
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	47.50	38.28	14.23	33.27
Mar	37.87	45.56	16.57	21.30

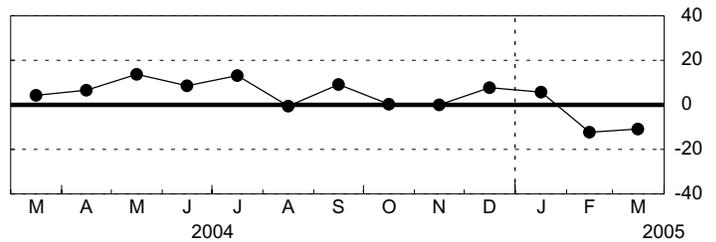
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	15.74	56.34	27.92	-12.18
Mar	11.55	66.02	22.43	-10.88

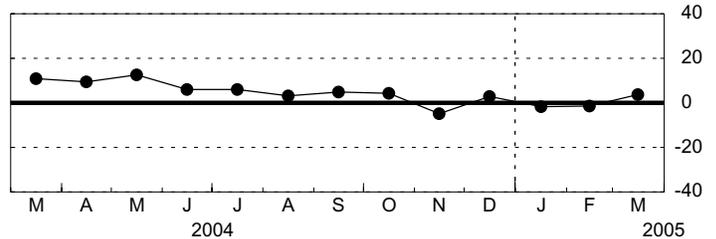
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	10.85	76.74	12.40	-1.55
Mar	11.01	81.65	7.34	3.67

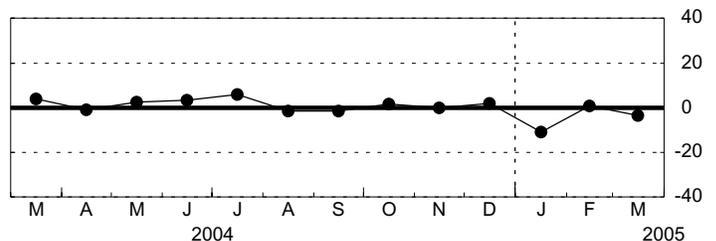
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	22.48	55.81	21.71	0.78
Mar	24.77	46.79	28.44	-3.67

Inventories - Diffusion Index

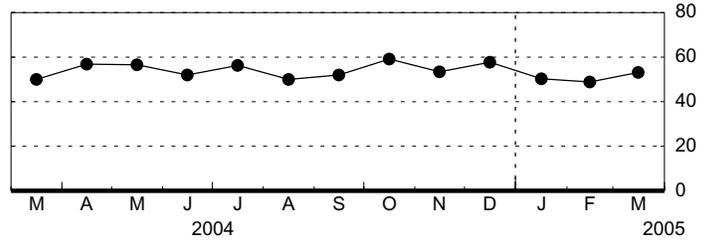


Empire State Manufacturing Survey, March 2005 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	50.39	48.06	1.55	48.84
Mar	54.13	44.95	0.92	53.21

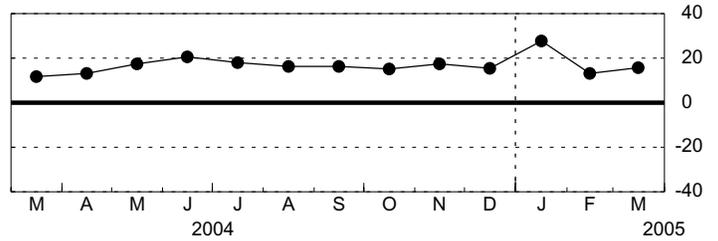
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	24.03	65.12	10.85	13.18
Mar	23.85	67.89	8.26	15.60

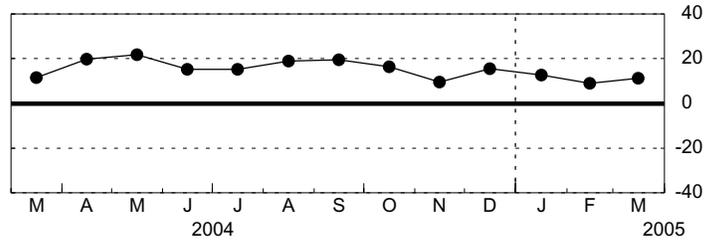
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	19.79	69.36	10.85	8.93
Mar	18.72	73.94	7.34	11.38

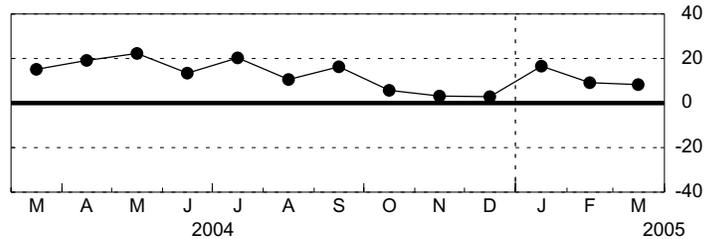
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	17.83	73.65	8.53	9.30
Mar	13.94	80.56	5.50	8.43

Average Employee Workweek - Diffusion Index

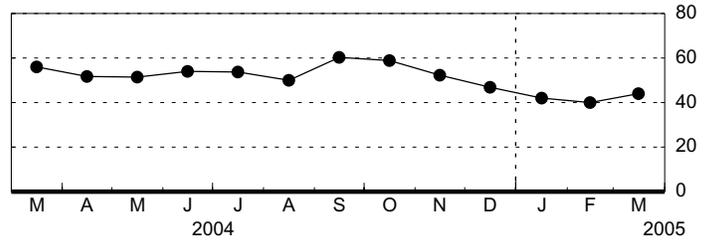


Empire State Manufacturing Survey, March 2005, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	49.22	41.57	9.21	40.01
Mar	52.99	38.10	8.91	44.08

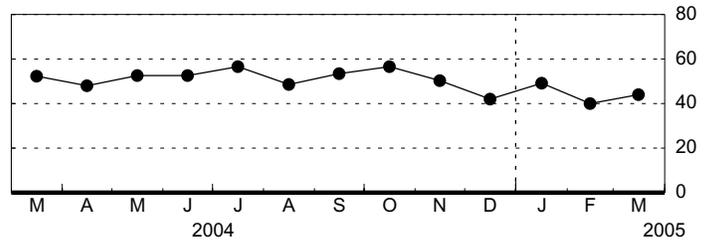
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	49.33	41.27	9.40	39.94
Mar	56.18	31.50	12.32	43.85

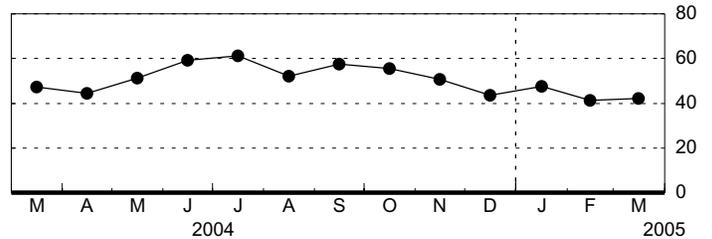
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	52.29	36.59	11.12	41.17
Mar	53.66	34.92	11.42	42.23

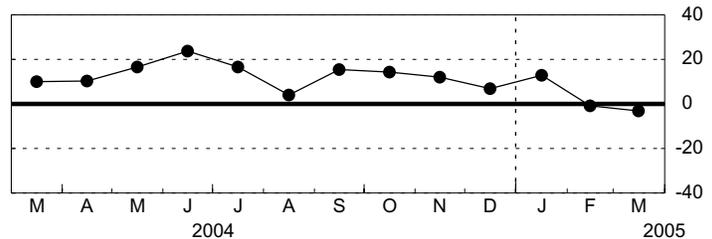
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	15.20	68.95	15.84	-0.64
Mar	17.27	62.45	20.28	-3.01

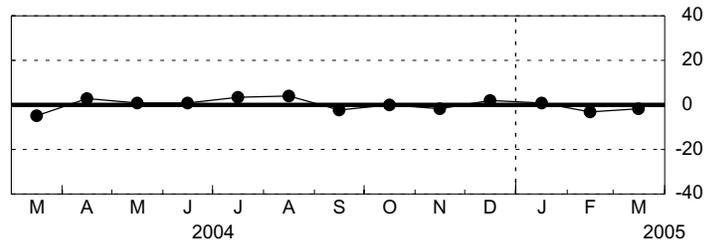
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	10.08	76.74	13.18	-3.10
Mar	12.84	72.48	14.68	-1.83

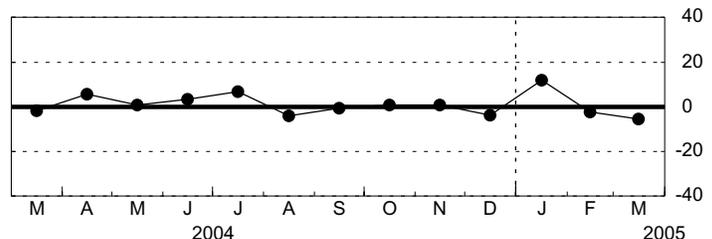
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	22.48	52.71	24.81	-2.33
Mar	21.10	52.29	26.61	-5.50

Inventories - Diffusion Index

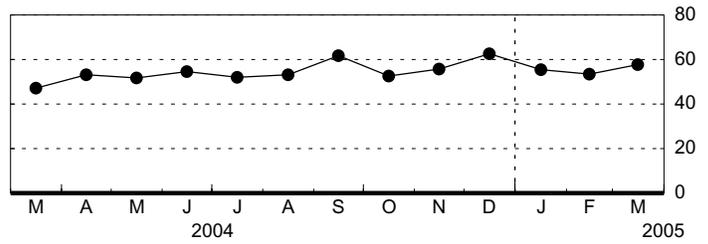


Empire State Manufacturing Survey, March 2005, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	55.81	41.86	2.33	53.49
Mar	59.63	38.53	1.83	57.80

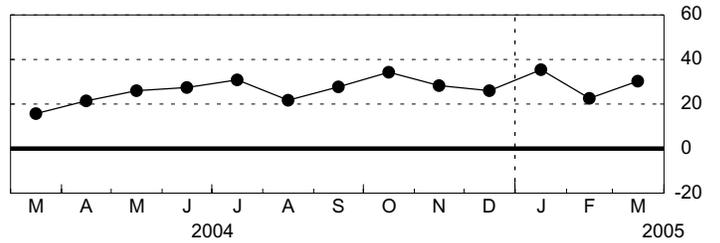
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	33.33	55.81	10.85	22.48
Mar	41.28	47.71	11.01	30.28

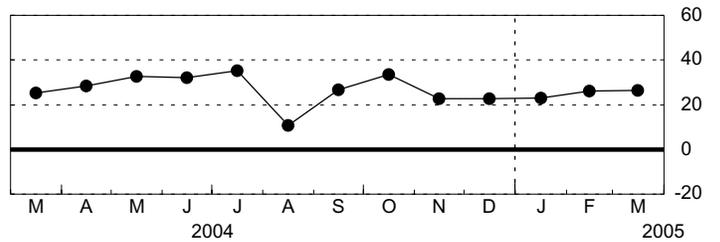
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	35.66	54.76	9.58	26.08
Mar	39.45	47.56	12.99	26.46

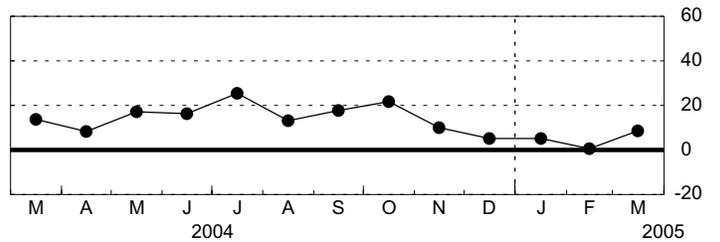
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	13.06	74.56	12.38	0.69
Mar	19.54	69.71	10.74	8.80

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	34.88	51.94	13.18	21.71
Mar	41.28	50.46	8.26	33.03

Capital Expenditures - Diffusion Index

