

May 2004

Empire State Manufacturing

Survey



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

Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers continued to improve significantly in May. The general business conditions index, at 30.2, remained close to its relatively high average of the past several months. Indexes for new orders, unfilled orders, and shipments suggested continued expansion at a somewhat more accelerated pace than in the past two months. The price indexes maintained or exceeded their high levels of recent months, and future price indexes showed that respondents expect prices to be still higher in six months. Employment indexes were positive and above April levels. Future indexes continued to show strong optimism.

Business Conditions Remain Strong

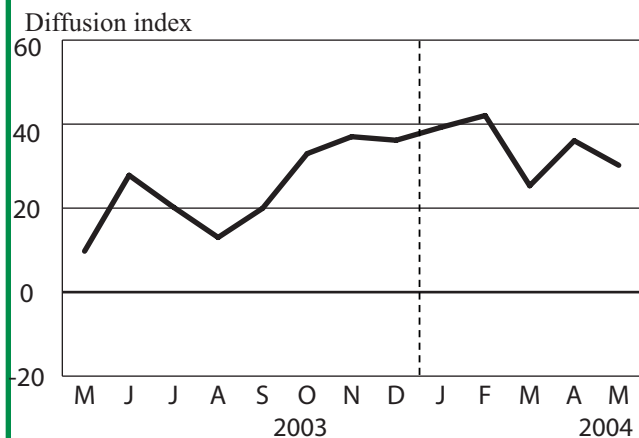
The general business conditions index was 30.2 in May, similar to its April level, indicating continued significant improvement in conditions for respondents. Aside from a slight dip in March, the index has been above 30 since October of last year. Nearly half of respondents reported improved conditions since April. The new orders index rose for a second month, reaching 36.6. The shipments index also rose for a second month, setting a new high at 42.3, with 55 percent of respondents reporting an increase in shipments and 13 percent reporting a decline. The unfilled orders index jumped nearly 10 points, to 15.7, its highest level in more than a year. The delivery time index, positive for a fourth consecutive month, reached a record high of 12.5. The inventories index was slightly above zero at 2.5.

Pricing Indexes Still High

Pricing indexes in May continued to indicate significant price increases. The prices paid index was 56.7, near the record high reached last month; 57 percent of respondents reported rising prices while none reported declining prices, and 43 percent reported no change. The prices received index continued its upward climb of the past few months, hitting a new high of 17.5. Prices received had increased for 23 percent of respondents—a record-high share—and decreased for only 6 percent of respondents, a record-low share.

Employment indexes indicated improved hiring activity. The number of employees index was 21.3, with 28 percent of respondents reporting an increase in workers while 7 percent reported a decline. The average workweek index was similarly positive at 21.3.

General Business Conditions



Improved Conditions Expected to Continue

Future indexes conveyed a favorable outlook. The six-months-ahead indexes for general business conditions, new orders, and shipments were all near 50, with the majority of respondents expecting these indicators to improve. Prices were expected to continue climbing: the future prices paid index was 51.7, with 54 percent of respondents expecting prices to increase further in six months. The future prices received index rose to a record level of 25.8, with 34 percent of respondents expecting to receive higher prices. Future employment indexes were also positive; 43 percent of respondents anticipated an increase in employment levels over the next six months. The capital expenditures index remained positive at 31.7, with 39 percent planning to increase expenditures over the next six months.

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.

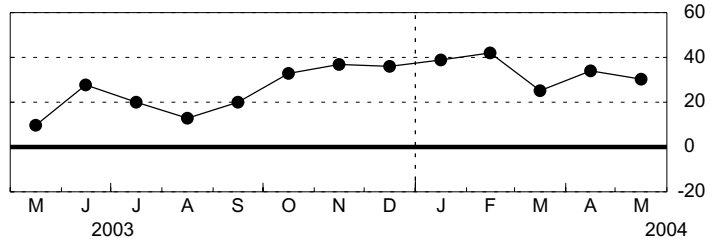
Empire State Manufacturing Survey, May 2004

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	46.00	42.02	11.98	34.03
May	44.98	40.25	14.77	30.21

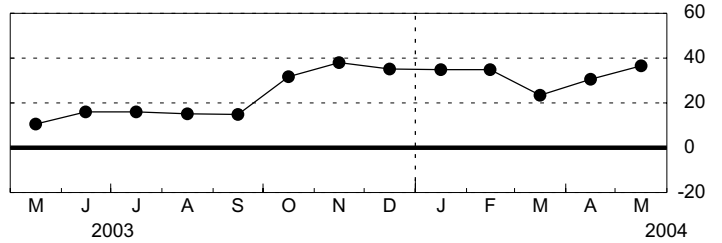
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	48.66	33.24	18.10	30.56
May	49.89	36.82	13.30	36.59

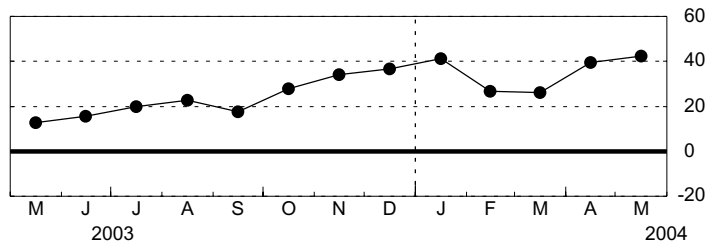
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	51.28	36.97	11.75	39.53
May	54.81	32.66	12.53	42.28

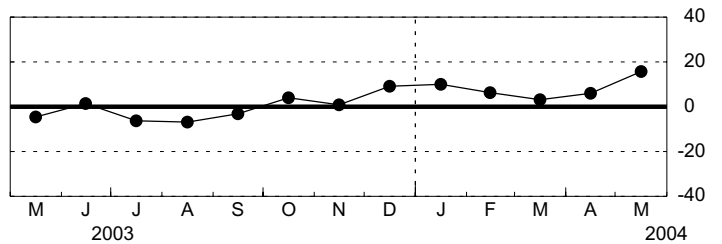
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	22.66	60.72	16.62	6.04
May	27.93	59.88	12.19	15.74

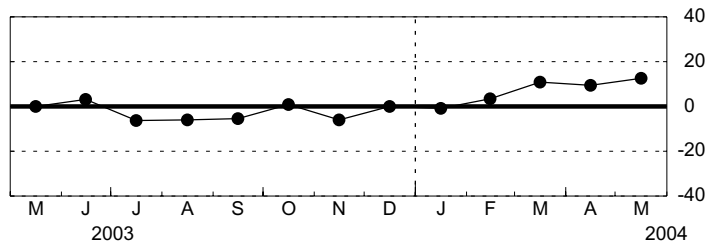
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	19.63	70.09	10.28	9.35
May	21.67	69.17	9.17	12.50

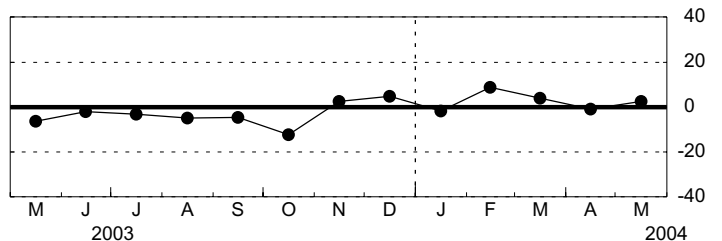
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	24.30	50.47	25.23	-0.93
May	23.33	55.83	20.83	2.50

Inventories - Diffusion Index

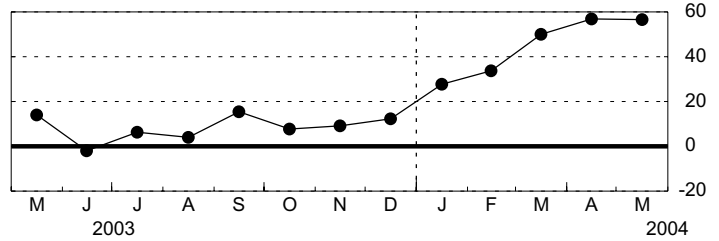


Empire State Manufacturing Survey, May 2004 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	57.94	41.12	0.93	57.01
May	56.67	43.33	0.00	56.67

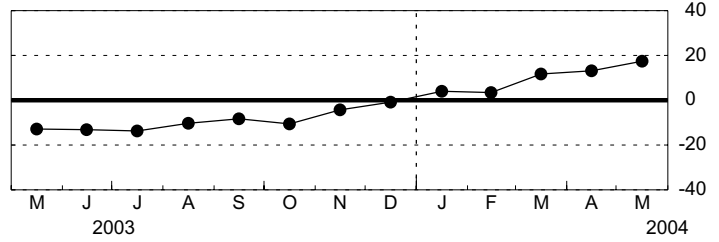
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	22.43	68.22	9.35	13.08
May	23.33	70.83	5.83	17.50

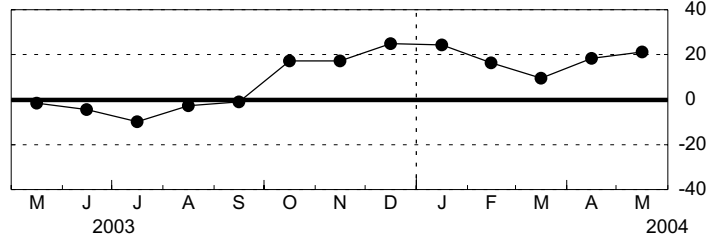
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	29.69	59.09	11.21	18.48
May	28.00	65.33	6.67	21.34

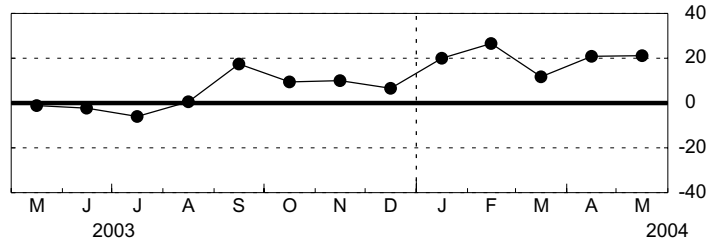
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	28.30	64.22	7.48	20.83
May	25.48	70.36	4.17	21.31

Average Employee Workweek - Diffusion Index

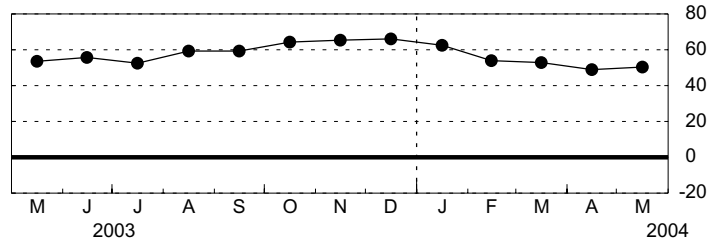


Empire State Manufacturing Survey, May 2004, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	58.64	31.56	9.80	48.84
May	57.06	36.23	6.71	50.35

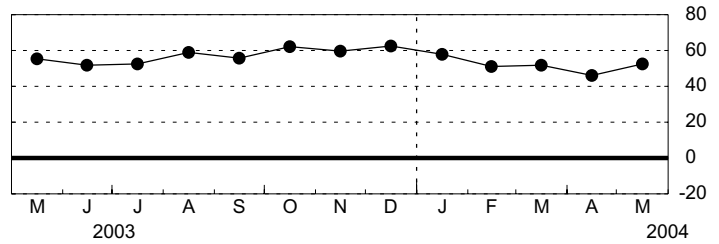
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	57.22	31.53	11.26	45.96
May	61.12	30.21	8.67	52.45

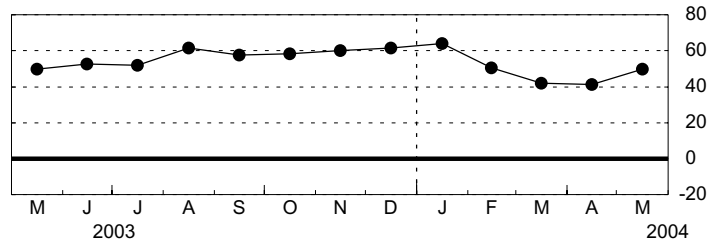
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	55.51	30.15	14.34	41.17
May	59.83	30.01	10.15	49.68

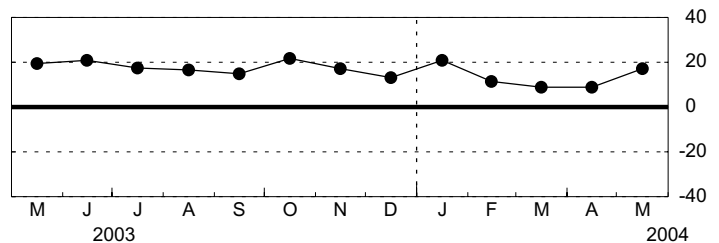
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	26.08	56.77	17.15	8.92
May	30.09	56.89	13.01	17.08

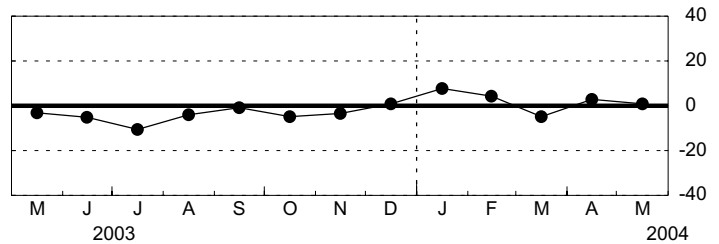
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	15.89	71.03	13.08	2.80
May	15.83	69.17	15.00	0.83

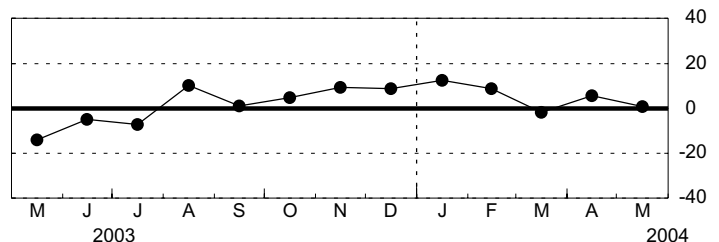
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	30.84	43.93	25.23	5.61
May	23.33	54.17	22.50	0.83

Inventories - Diffusion Index

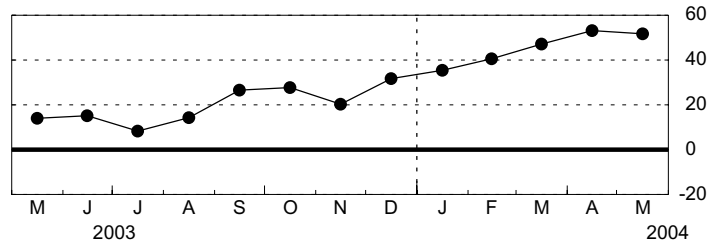


Empire State Manufacturing Survey, May 2004, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	55.14	42.99	1.87	53.27
May	54.17	43.33	2.50	51.67

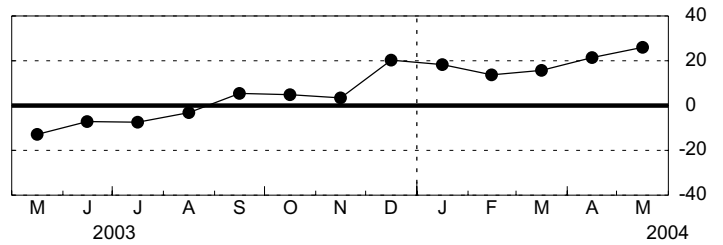
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	33.64	54.21	12.15	21.50
May	34.17	57.50	8.33	25.83

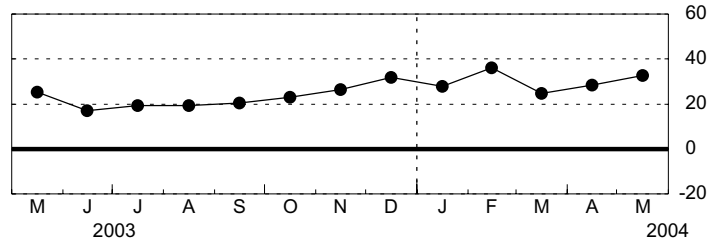
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	38.32	51.86	9.82	28.49
May	42.50	47.70	9.80	32.70

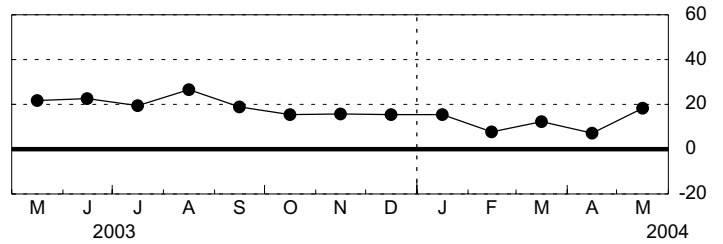
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	24.92	57.38	17.70	7.22
May	24.86	68.71	6.43	18.43

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	43.93	49.53	6.54	37.38
May	39.17	53.33	7.50	31.67

Capital Expenditures - Diffusion Index

