

May 2005

For release: May 16, 2005 8:30 a.m.

Empire State Manufacturing

Survey



Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers deteriorated in May. The general business conditions index dropped fairly sharply for the second month in a row, to a level of -11.1—its lowest reading since April 2003. Index levels for both new and unfilled orders also slipped well into negative territory, while the shipments index held steady at close to zero. The index for number of employees fell to its lowest level in more than two and a half years, while the average workweek measure continued to hover just below zero. Although the current and future prices paid indexes maintained their relatively high levels, the prices received indexes moderated, with the expectations index tumbling to near zero. The other forward-looking indexes were generally positive: expectations about general business conditions were little changed at fairly high levels, and expectations for both new orders and shipments improved.

Back-to-Back Drops in Business Indexes

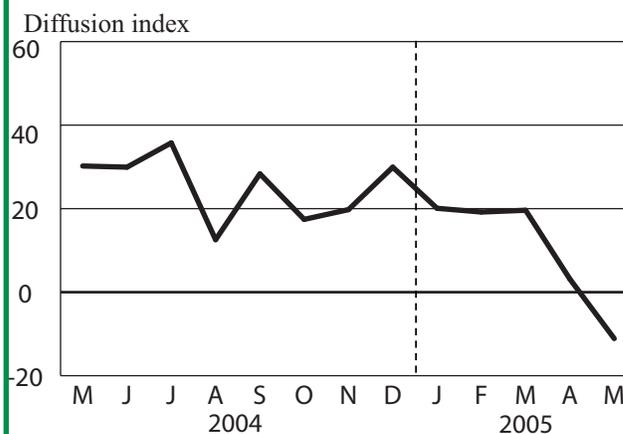
The general business conditions index dropped sharply in May, as it had in April, reaching -11.1, its lowest level since April 2003. Nearly one third of respondents, up markedly from 23 percent last month, reported that conditions had deteriorated, while 21 percent—down from 25 percent—said that conditions had improved.

The new orders index continued a decline that began in January, falling from -1.2 in April to -7.1 in May; 30 percent of manufacturers reported declines in orders, while 23 percent reported increases. Roughly 30 percent of respondents said that unfilled orders had fallen, while 13 percent reported gains. The shipments index, which had fallen sharply in April, was little changed in May, at a level of 0.8. The delivery time index declined by nearly 6 points in May, to -8.0, while the inventories index dipped to -6.0.

Some Leveling Off in Selling Prices

The prices paid index was virtually unchanged in May, at 42.0; the proportion of respondents noting rising prices edged up to 50 percent, while price declines were reported by 8 percent—still quite a low share of respondents, but well above the range of 0 to 3 percent that had prevailed for more than a year. The prices received index slipped from 13.8 in April to 8.0, its lowest level since early 2004. While the proportion of respondents reporting higher prices did edge up 1 point to 23, the percentage indicating lower prices jumped 7 points to

General Business Conditions



15. Employment indexes suggested some weakening in labor market conditions: the index for number of employees slipped from 8.5 to 0.2, while the average workweek index remained slightly below zero at -2.5.

Outlook Still Favorable

Future indexes were generally at favorable levels in May. The future general business conditions index edged down less than 2 points in May, to 35.7. Still, more than 50 percent of respondents continued to expect improvement in general conditions during the next six months, while 15 percent expected conditions to worsen. The future new orders and shipments indexes both bounced back to more than 45 in May, more than reversing April's declines. The future unfilled orders index slipped modestly to 5.8.

Sharp Deceleration in Expected Selling Prices

The future prices paid index slipped 5 points to 47.0, though a majority of respondents still expected to pay higher prices in the months ahead. More notably, the future prices received index tumbled more than 17 points to 6.0, the lowest level since late 2003. Future employment indexes were positive and virtually unchanged from last month. The index for expected capital expenditures fell 7 points, to 23.0, close to the level it held in February.

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.

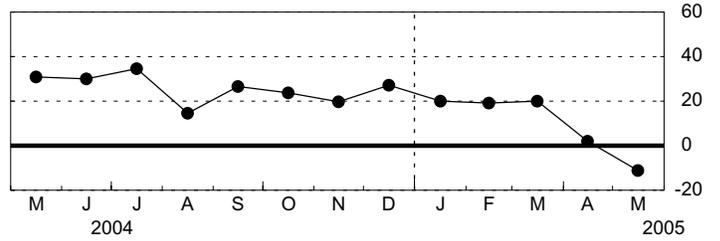
Empire State Manufacturing Survey, May 2005

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	25.01	52.01	22.98	2.03
May	21.15	46.59	32.26	-11.11

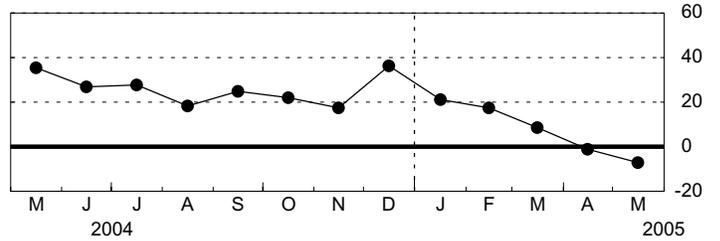
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	26.30	46.18	27.52	-1.22
May	22.79	47.33	29.88	-7.08

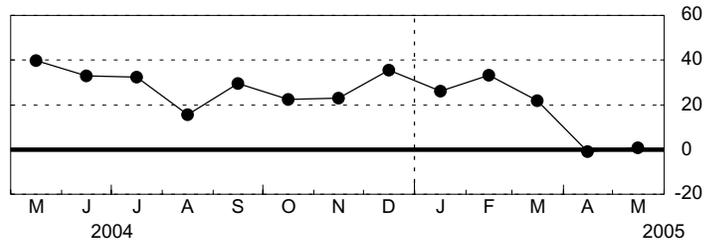
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	25.36	48.34	26.31	-0.95
May	26.40	48.00	25.60	0.79

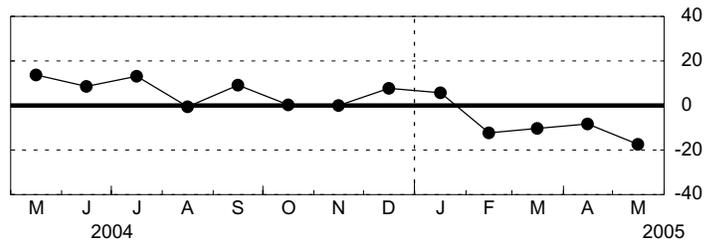
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	14.75	62.29	22.96	-8.20
May	12.61	57.53	29.87	-17.26

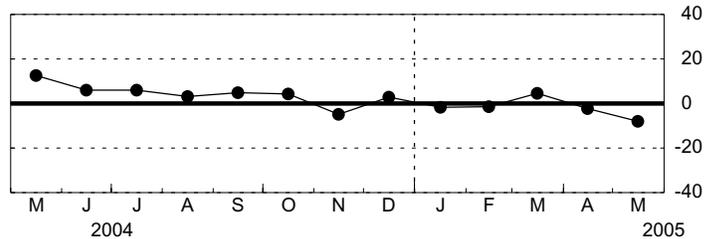
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	9.76	78.05	12.20	-2.44
May	8.00	76.00	16.00	-8.00

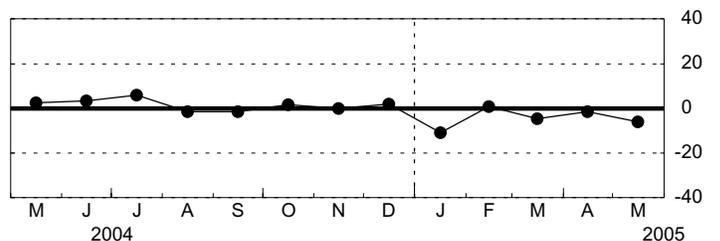
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	21.14	56.10	22.76	-1.63
May	21.00	52.00	27.00	-6.00

Inventories - Diffusion Index

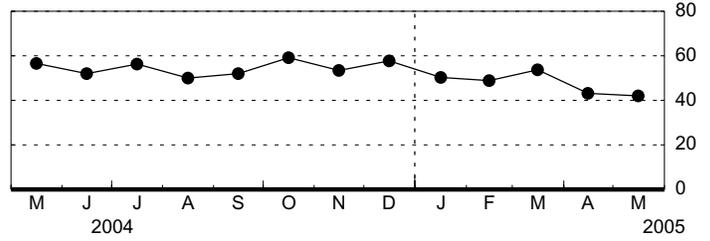


Empire State Manufacturing Survey, May 2005 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	45.53	52.03	2.44	43.09
May	50.00	42.00	8.00	42.00

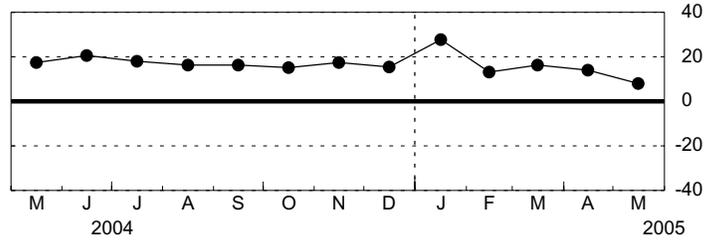
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	21.95	69.92	8.13	13.82
May	23.00	62.00	15.00	8.00

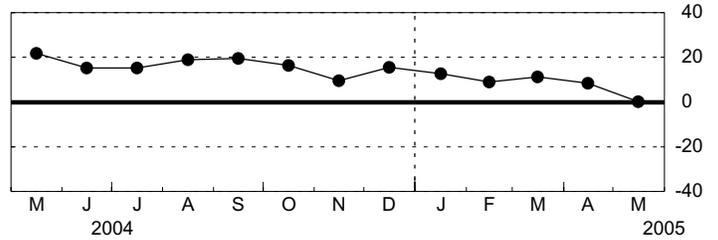
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	17.44	73.62	8.94	8.50
May	18.16	63.84	18.00	0.16

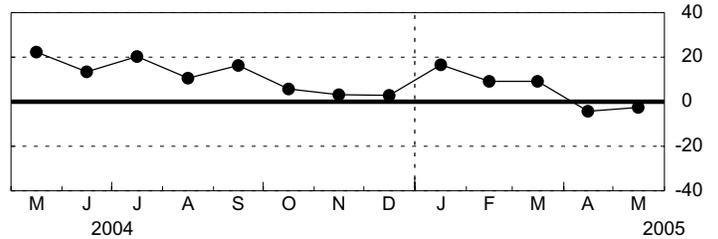
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	9.47	76.70	13.82	-4.35
May	14.55	68.45	17.00	-2.45

Average Employee Workweek - Diffusion Index



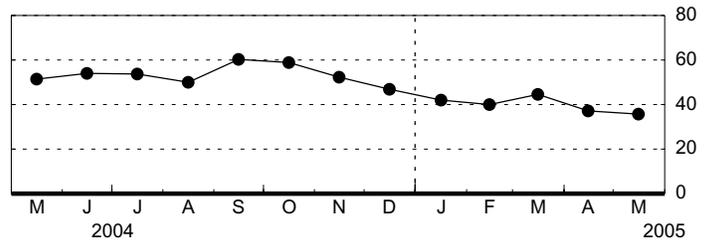
Empire State Manufacturing Survey, May 2005, Expectations Six Months Ahead

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	51.20	34.90	13.90	37.29
May	50.16	35.35	14.50	35.66

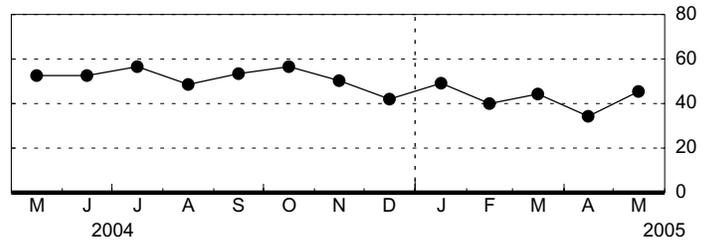
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	50.29	33.67	16.04	34.25
May	56.80	31.66	11.54	45.26

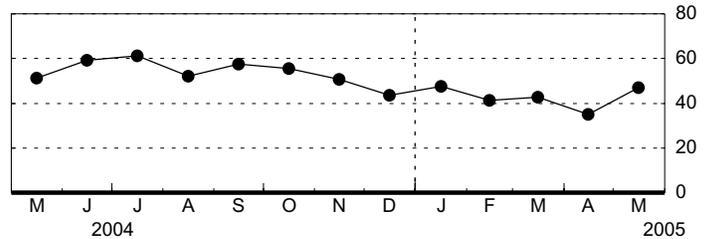
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	50.22	34.65	15.13	35.09
May	57.17	32.53	10.30	46.87

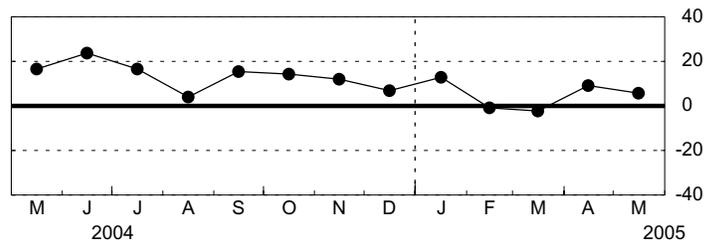
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	21.17	66.83	11.99	9.18
May	25.86	54.09	20.05	5.81

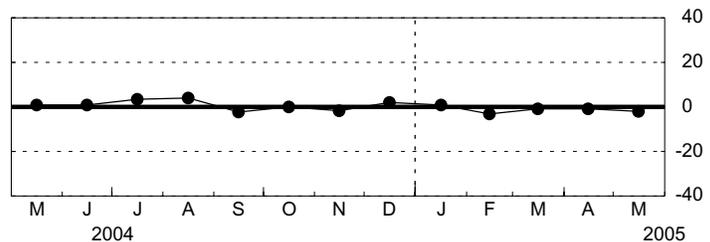
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	13.01	73.17	13.82	-0.81
May	8.00	82.00	10.00	-2.00

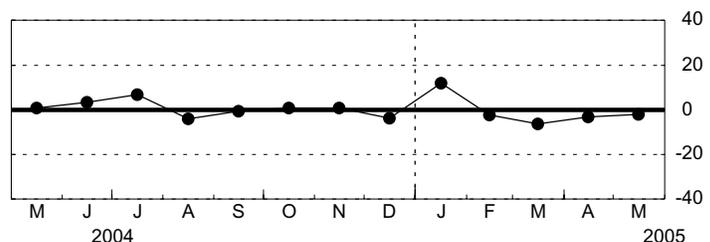
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	18.70	59.35	21.95	-3.25
May	26.00	46.00	28.00	-2.00

Inventories - Diffusion Index

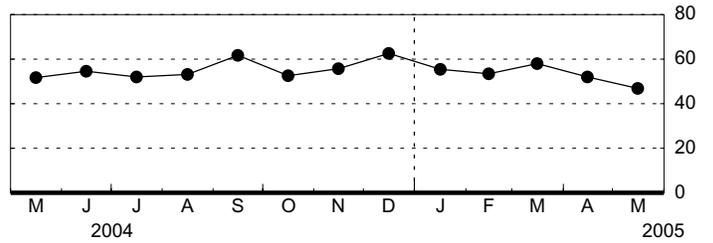


Empire State Manufacturing Survey, May 2005, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	57.72	36.59	5.69	52.03
May	52.00	43.00	5.00	47.00

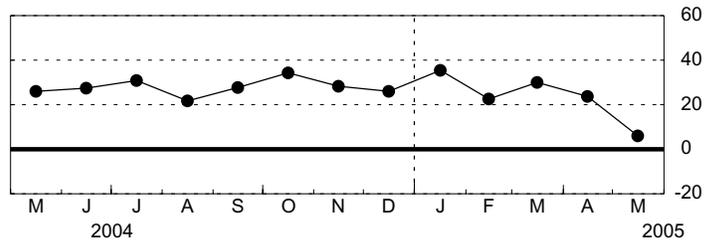
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	30.89	61.79	7.32	23.58
May	24.00	58.00	18.00	6.00

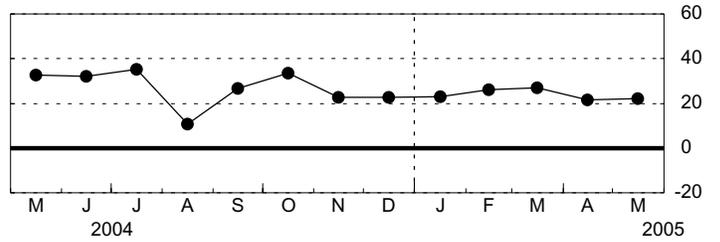
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	34.15	53.18	12.67	21.47
May	35.00	52.07	12.93	22.07

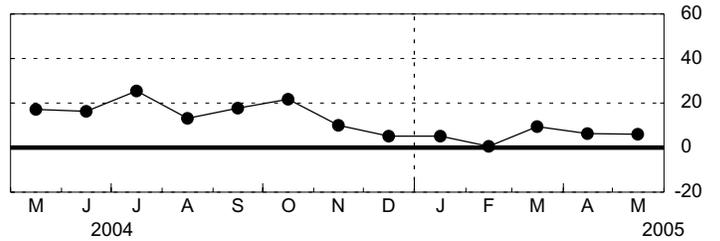
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	19.50	67.25	13.25	6.25
May	17.38	71.43	11.19	6.20

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	36.59	56.91	6.50	30.08
May	38.00	47.00	15.00	23.00

Capital Expenditures - Diffusion Index

