

# June 2002

## Empire State Manufacturing

### Survey



#### Summary

The *Empire State Manufacturing Survey* showed continued improvement for New York's manufacturing sector for the sixth month in a row in June. The main indicator, the general business conditions index, rose from 7.9 in May to 13.8. Indexes for new orders and shipments were also positive and higher this month than in May. The inventories index, however, remained negative. Moreover, continuing upward pricing pressures were evident in the prices paid index, which remained positive for a fifth month. Nonetheless, manufacturers continued to be unable to raise prices; the prices received index was negative and lower than last month's. Indexes for both the average workweek and the number of employees were positive and exceeded May's. Expectations for the next six months remained strong and achieved their highest level yet.

#### General Business Conditions Index Remains Positive for a Sixth Consecutive Month

June's general business conditions index rose from May's level of 7.9 to 13.8, continuing the trend—since January 2002—in which more respondents saw conditions improve than saw them decline from those of the previous month. The new orders index also rose from 0.7 last month to 15.7. Only 17 percent of respondents indicated a decline in orders; that is the lowest percentage since January 2002.

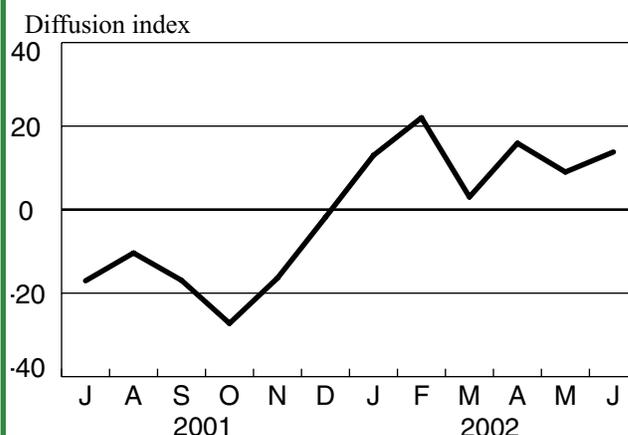
The shipments index rose from 8.8 to 15.6. The unfilled orders index remained negative, as it has for a full year (except during September 2001), but drifted up slightly from -11.1 to -6.7. The delivery time index also remained negative; virtually no respondents indicated longer delivery times. While remaining negative, the inventories index rose from -15.0 to -6.6. The percentage of respondents reporting inventory accumulation has remained steady for several months; 23 percent reported higher inventory levels in June.

A very slight easing occurred in the prices paid index, which dropped from 18.6 to 15.1. Only about 6 percent of respondents reported lower prices, and 21 percent saw rising prices. The prices received index continued to be negative, with 80 percent reporting no change, and only 4 percent reporting that they received higher prices.

#### Employment Indexes in Positive Territory

A record level of 6.1 was reached in the number of employees index, following a rising trend throughout 2002.

#### General Business Conditions



This increase was not due to an upswing in the percentage of manufacturers hiring more workers—that number actually fell from 20 percent to 18 percent—but to a drop in the number cutting back, a decrease from 21 percent in May to just 12 percent in June. The average employee workweek lengthened according to 17 percent of respondents, compared with 14 percent last month, boosting that index to 2.2 from -2.1.

#### Persistent Optimism

Expectations for the future remain extremely positive. An all-time high was reached by the six-month-ahead index of general business conditions, which rose to 71.9. Fully 74 percent of respondents anticipated better conditions in the future. Virtually none expected conditions to be worse. In addition, optimism about new orders and shipments was also high. Thirty-seven percent of respondents expected inventories to fall; only 25 percent expected them to increase. Twenty-five percent of respondents foresaw a rise in prices paid, slightly more than those who reported paying higher prices this month. Eighteen percent expected to receive higher prices in six months, compared with only 4 percent who reported receiving higher prices this month. Indexes for the number of employees and average workweek six months ahead improved, with nearly all respondents expecting both measures to either rise or remain the same. Fully 33 percent of those polled anticipated increasing their capital 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.

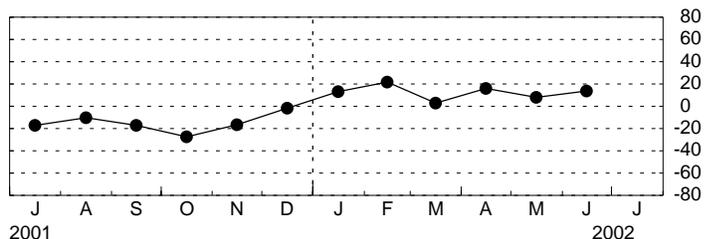
# Empire State Manufacturing Survey, June 2002

Seasonally Adjusted

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	28.77	51.08	20.85	7.93
Jun	32.45	51.46	18.69	13.76

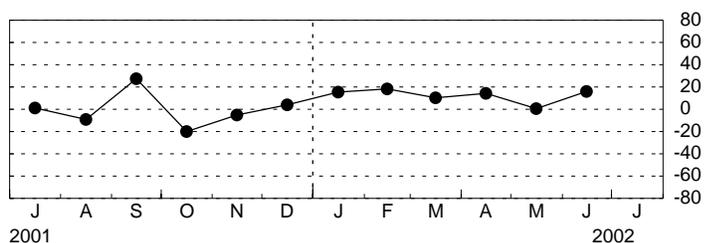
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	26.95	47.55	26.30	0.65
Jun	33.18	49.35	17.47	15.71

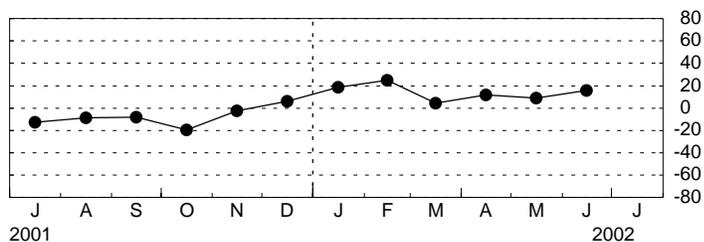
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	30.98	47.85	22.16	8.82
Jun	33.39	49.63	17.79	15.60

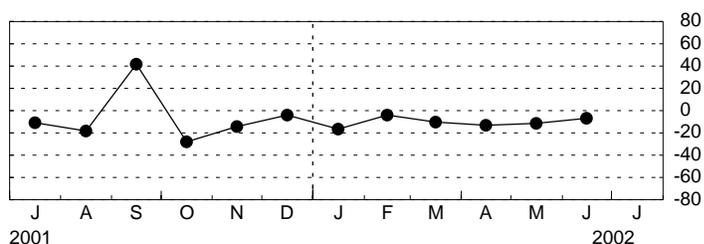
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	12.95	62.95	24.10	-11.15
Jun	13.41	64.84	20.14	-6.73

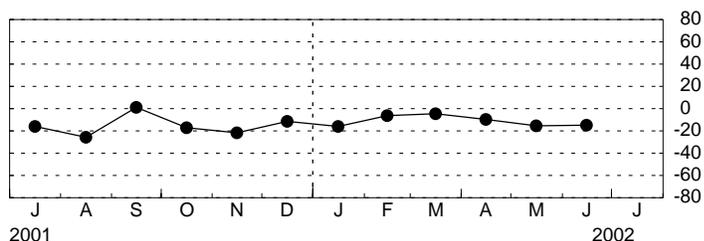
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	2.58	78.45	17.96	-15.38
Jun	2.30	80.78	16.91	-14.61

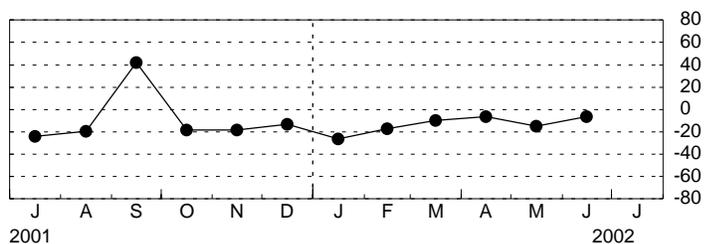
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	21.26	43.41	36.23	-14.96
Jun	23.12	47.13	29.76	-6.64

## Inventories - Diffusion Index



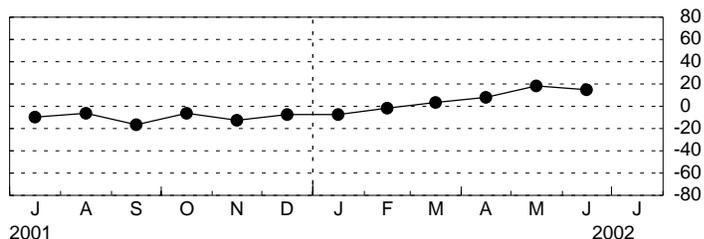
# Empire State Manufacturing Survey, June 2002

Seasonally Adjusted

## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	19.60	79.37	1.03	18.57
Jun	21.17	71.33	6.10	15.07

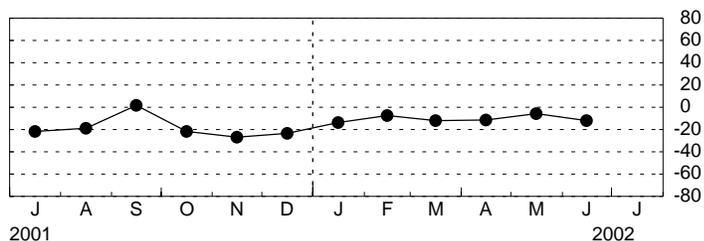
**Prices Paid - Diffusion Index**



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	6.99	79.07	12.94	-5.95
Jun	4.36	80.33	16.21	-11.86

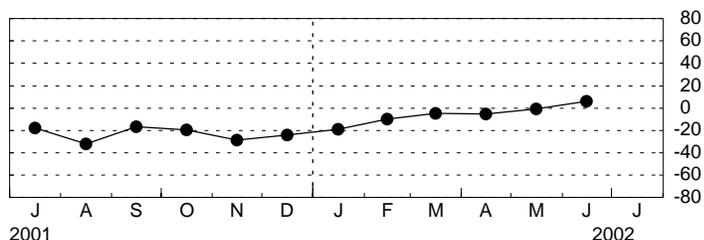
**Prices Received - Diffusion Index**



## No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	20.24	58.96	21.00	-0.76
Jun	17.72	70.17	11.61	6.11

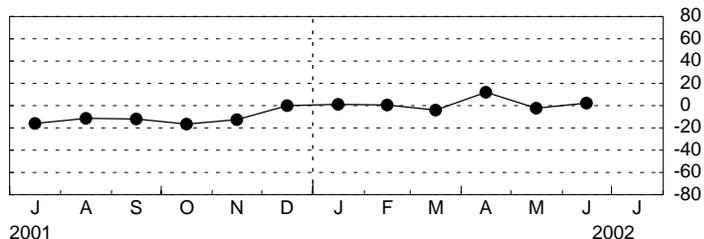
**No. of Employees - Diffusion Index**



## Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	14.29	70.09	16.42	-2.13
Jun	17.40	62.69	15.21	2.19

**Average Employee Workweek - Diffusion Index**

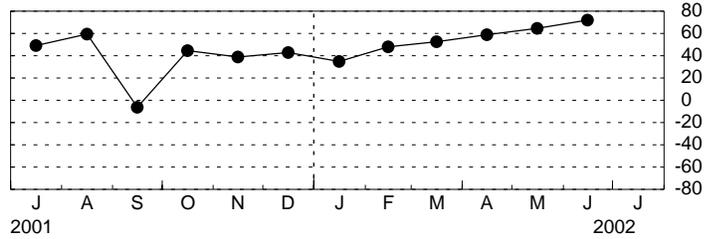


# Empire State Manufacturing Survey, June 2002, Expectations Six Months Ahead Seasonally Adjusted

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	72.99	21.55	8.15	64.84
Jun	73.59	23.70	1.71	71.88

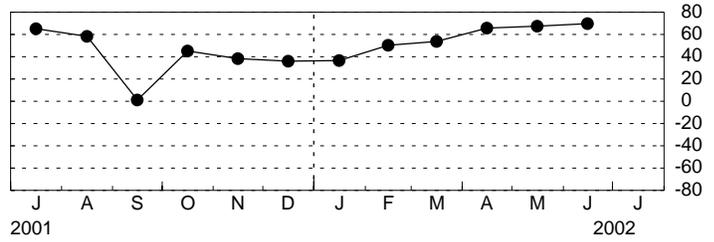
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	71.96	23.38	4.65	67.31
Jun	72.69	22.45	3.06	69.63

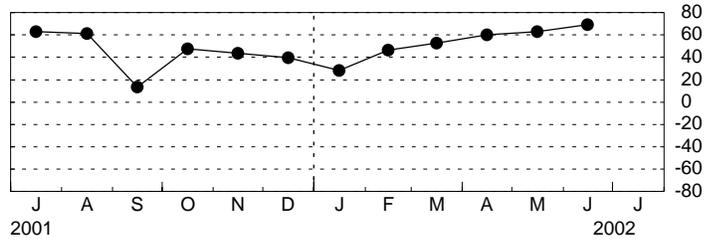
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	70.36	24.89	7.15	63.22
Jun	74.49	19.10	5.21	69.28

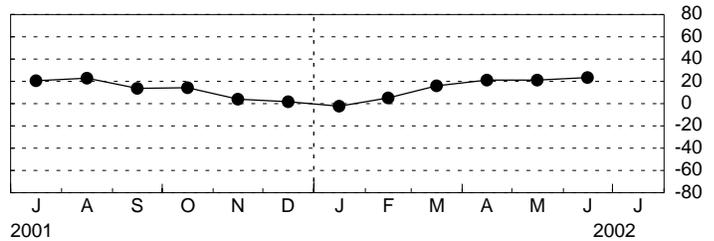
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	32.39	54.62	11.39	21.00
Jun	34.43	54.89	10.69	23.74

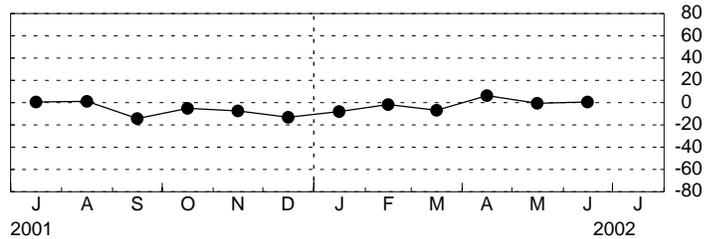
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	16.33	64.12	17.05	-0.73
Jun	12.59	74.13	12.09	0.50

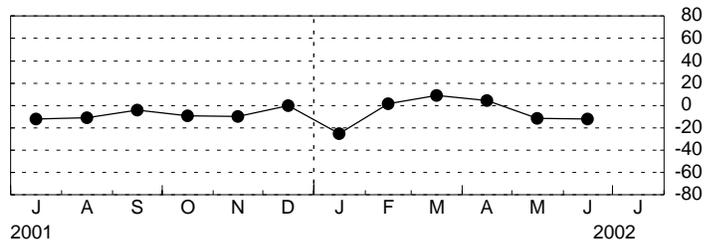
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	20.89	46.05	32.45	-11.56
Jun	24.62	39.24	36.63	-12.01

## Inventories - Diffusion Index



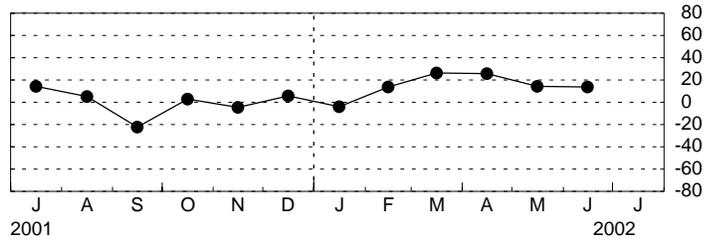
# Empire State Manufacturing Survey, June 2002, Expectations Six Months Ahead

## Seasonally Adjusted

### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	27.05	62.75	12.50	14.55
Jun	24.58	64.06	10.86	13.72

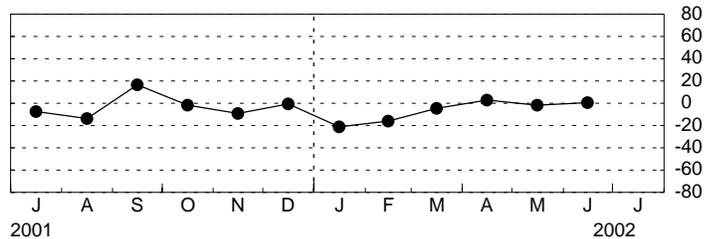
### Prices Paid - Diffusion Index



### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	16.45	65.60	18.45	-2.01
Jun	17.97	64.91	17.62	0.35

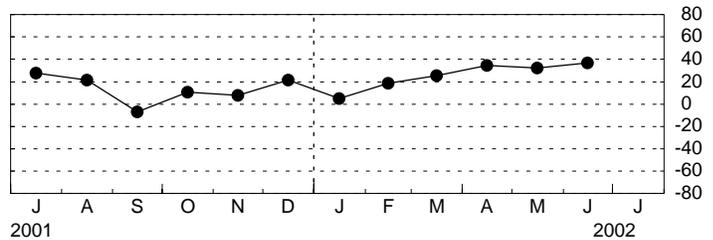
### Prices Received - Diffusion Index



### No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	44.50	42.89	12.11	32.39
Jun	42.36	50.53	5.61	36.75

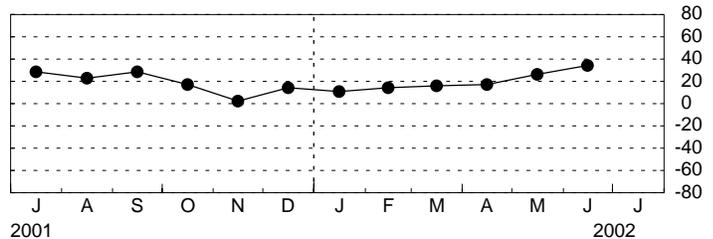
### No. of Employees - Diffusion Index



### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	36.13	54.89	9.58	26.55
Jun	36.18	61.24	1.88	34.30

### Average Employee Workweek - Diffusion Index



### Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	36.95	51.26	11.18	25.77
Jun	33.28	55.68	12.04	21.24

### Capital Expenditures - Diffusion Index

