

June 2004

Empire State Manufacturing Survey



For release: June 15, 2004 8:30 a.m.

Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers continued to improve substantially in June. The general business conditions index remained at 30.2. Indexes for new orders, shipments, and unfilled orders were positive, but suggested a slightly slower pace of improvement than in May. Both price indexes showed a rise in prices, with the prices received index reaching a record level, and employment indexes indicated a continued increase in hiring activity. Future indexes suggested a very favorable outlook and were generally above last month's levels.

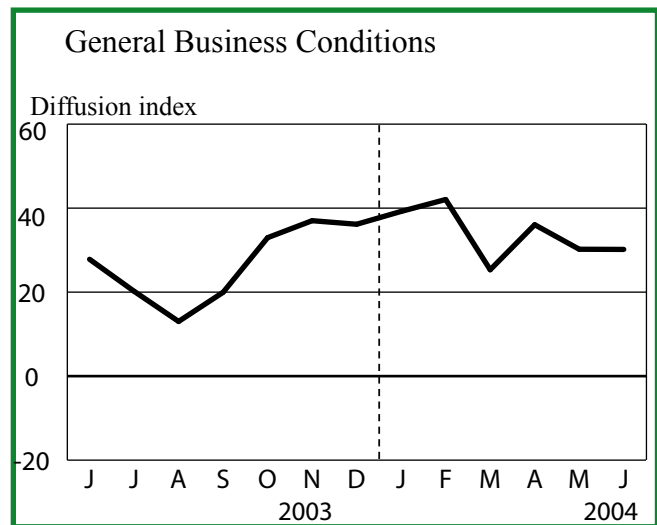
Business Conditions Continue to Improve

The general business conditions index was 30.2 in June, unchanged from its May level. While 14 percent of respondents reported a deterioration in conditions, 44 percent said that conditions had improved further in June, continuing a year-long trend in which the index was well above zero. The new orders index dipped several points, but indicated continued solid improvement in orders, with 41 percent reporting an increase. The shipments index fell from 42.3 in May to 33.4 in June, but it also remained staunchly positive. The unfilled orders index – at 10.0 – was slightly below the record level reached last month. The delivery time index was positive for a fifth consecutive month at 6.0, with 15 percent reporting longer delivery times. The inventories index drifted up slightly, but remained only a little above zero at 3.5.

Prices Continue to Escalate

Pricing indexes remained high in June. The prices paid index was only slightly below April's record level, dipping to 52.6. More than half of respondents reported paying higher prices. The prices received index continued the steady climb that began in October of last year and, after a sixth consecutive positive reading, reached a new high of 20.7 in June. A little more than one-quarter of respondents reported receiving higher prices, while only 6 percent reported lower prices.

Employment indexes remained positive, indicating that the step-up in hiring was continuing, but the pace of improvement was somewhat slower in June than in May. The number of employees index was 12.9, with 22 percent hiring more workers and 9 percent reporting a reduction in employees. The average workweek index dropped over 10 points but remained positive at 10.8.



Optimism Abounds

Future indexes reflected ongoing optimism about conditions six months ahead. The future indexes for general business conditions, new orders, and shipments all remained between 50 and 60. The future unfilled orders index rose sharply to a record 25.3 from 17.1 last month. Prices are expected to continue to climb – the future indexes for both prices paid and prices received reached record highs. Roughly 60 percent of respondents expect to be paying higher prices in six months, and 36 percent expect to be receiving higher prices for their products. Future employment indexes show that respondents expect hiring activity to remain brisk, with nearly 40 percent anticipating an increase in workers over the next six months. The capital expenditures index remained positive at 31.0, with 38 percent expecting to boost expenditures.

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.

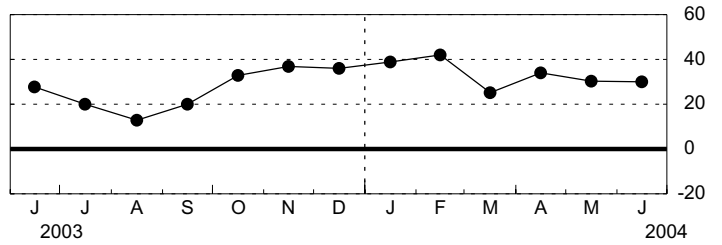
Empire State Manufacturing Survey, June 2004

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	44.98	40.25	14.77	30.21
Jun	44.00	42.17	13.83	30.17

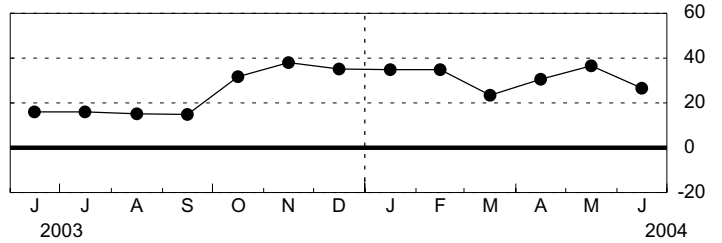
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	49.89	36.82	13.30	36.59
Jun	40.72	45.01	14.26	26.46

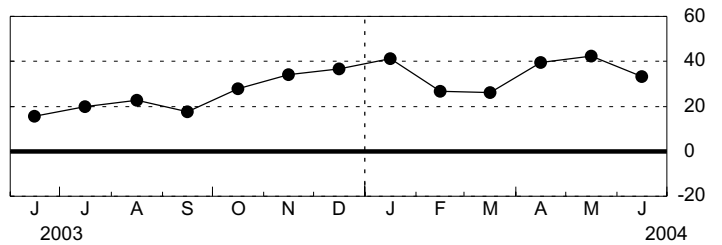
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	54.81	32.66	12.53	42.28
Jun	45.00	43.44	11.56	33.43

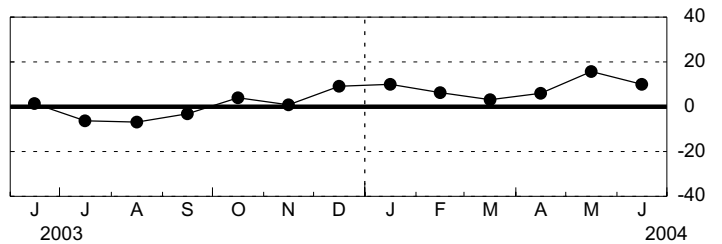
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	27.93	59.88	12.19	15.74
Jun	25.43	59.17	15.40	10.02

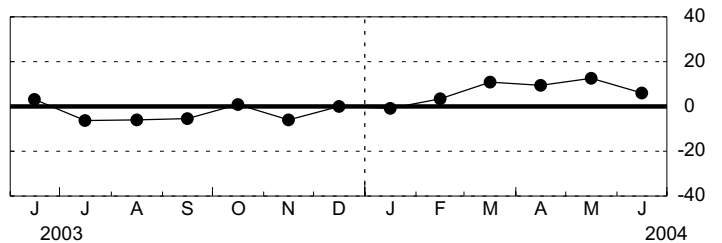
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	21.67	69.17	9.17	12.50
Jun	14.66	76.72	8.62	6.03

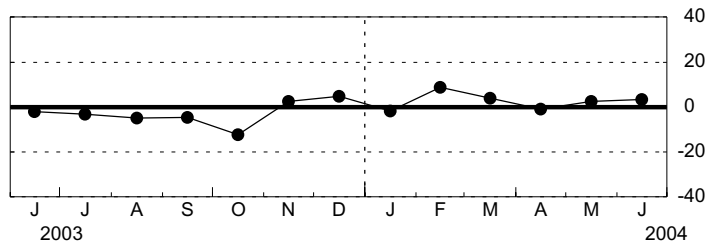
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	23.33	55.83	20.83	2.50
Jun	22.41	58.62	18.97	3.45

Inventories - Diffusion Index

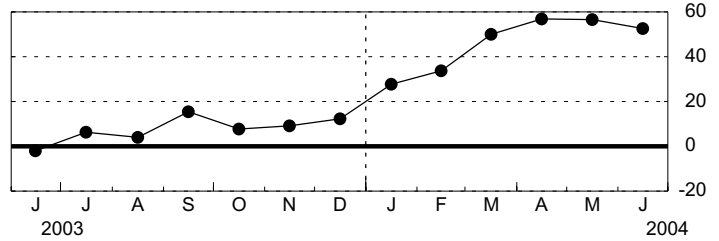


Empire State Manufacturing Survey, June 2004 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	56.67	43.33	0.00	56.67
Jun	53.45	45.69	0.86	52.59

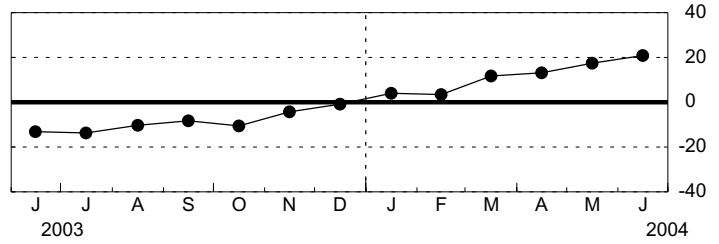
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	23.33	70.83	5.83	17.50
Jun	26.72	67.24	6.03	20.69

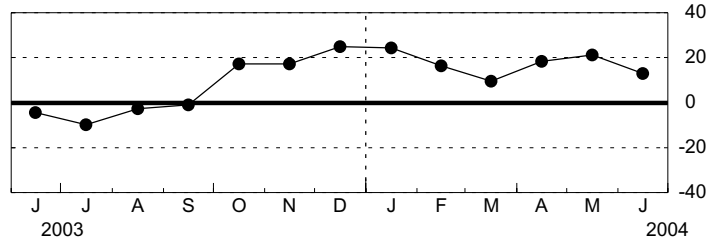
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	28.00	65.33	6.67	21.34
Jun	21.52	69.86	8.62	12.89

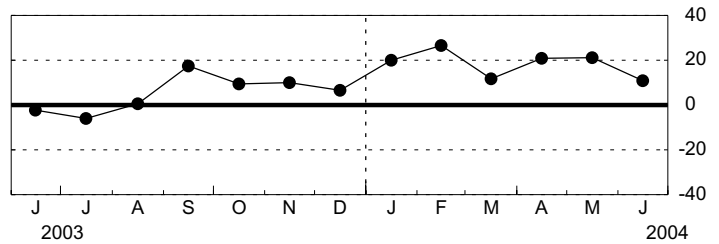
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	25.48	70.36	4.17	21.31
Jun	18.60	73.64	7.76	10.84

Average Employee Workweek - Diffusion Index



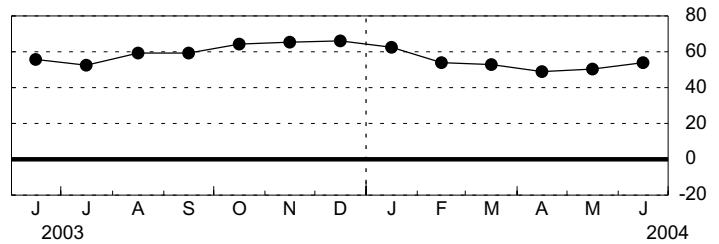
Empire State Manufacturing Survey, June 2004, Expectations Six Months Ahead

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	57.06	36.23	6.71	50.35
Jun	58.61	36.58	4.80	53.81

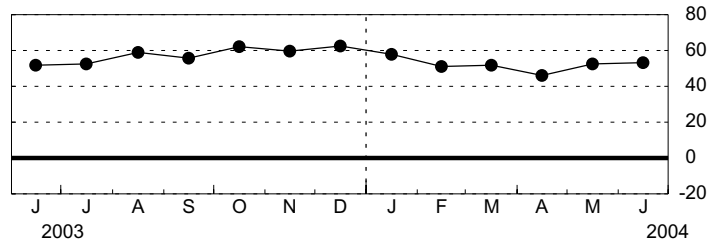
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	61.12	30.21	8.67	52.45
Jun	59.02	35.21	5.77	53.25

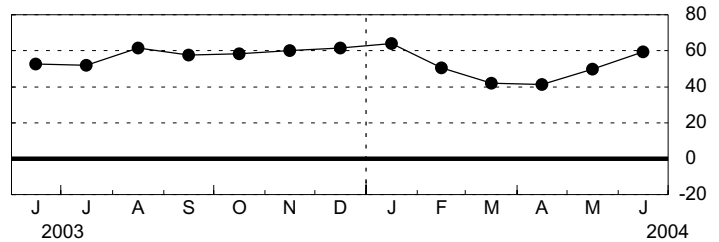
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	59.83	30.01	10.15	49.68
Jun	62.27	34.85	2.87	59.40

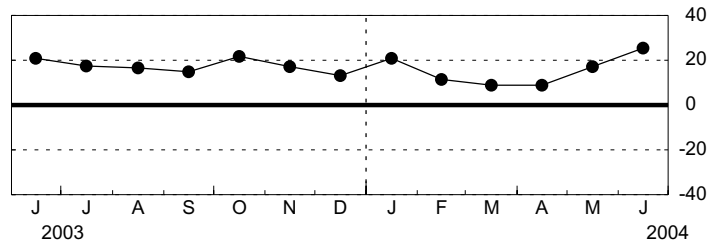
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	30.09	56.89	13.01	17.08
Jun	32.98	59.37	7.65	25.34

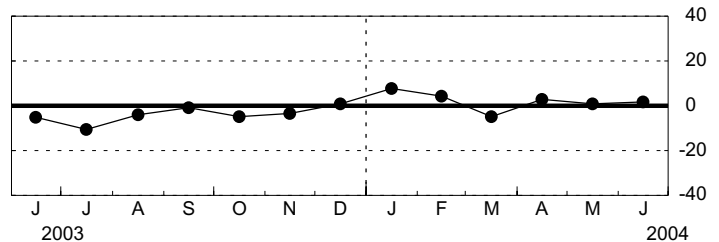
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	15.83	69.17	15.00	0.83
Jun	10.34	81.03	8.62	1.72

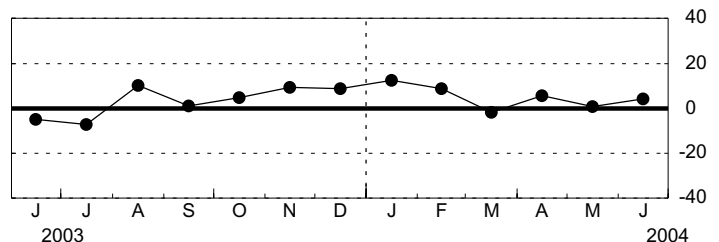
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	23.33	54.17	22.50	0.83
Jun	25.00	54.31	20.69	4.31

Inventories - Diffusion Index

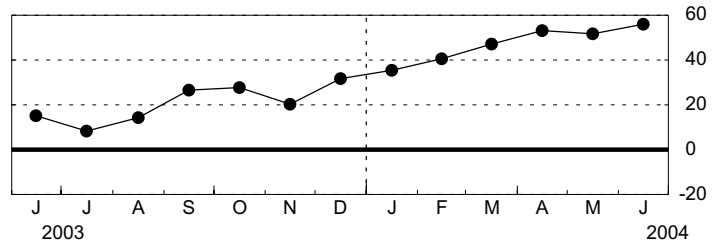


Empire State Manufacturing Survey, June 2004, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	54.17	43.33	2.50	51.67
Jun	59.48	37.07	3.45	56.03

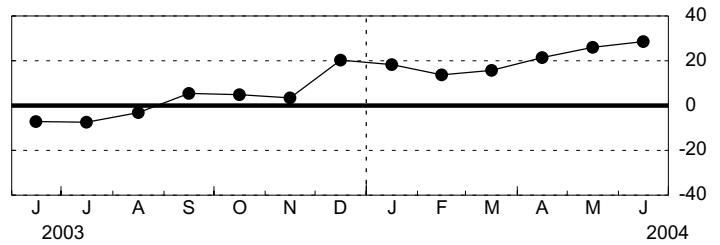
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	34.17	57.50	8.33	25.83
Jun	36.21	56.03	7.76	28.45

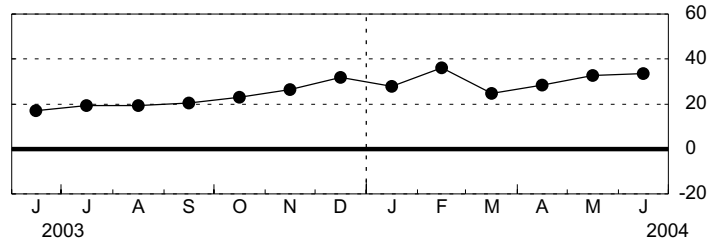
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	42.50	47.70	9.80	32.70
Jun	38.79	55.98	5.23	33.56

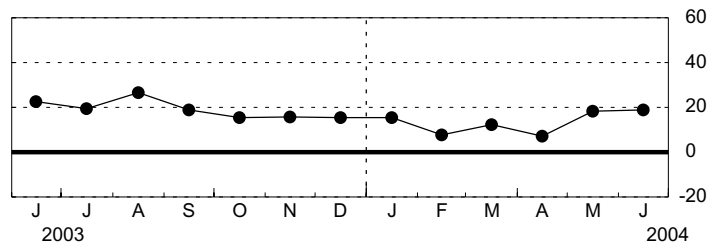
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	24.86	68.71	6.43	18.43
Jun	25.47	67.99	6.54	18.93

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	39.17	53.33	7.50	31.67
Jun	37.93	55.17	6.90	31.03

Capital Expenditures - Diffusion Index

