

June 2005

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

Empire State Manufacturing Survey



Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers rebounded in June. The general business conditions index, which had slipped to a two-year low of -11.1 in May, rebounded to 11.7 in June, reversing most of the decline since March. The index level for new orders edged into positive territory, but the index for shipments stayed near zero, and readings on unfilled orders remained well in negative territory. The index for number of employees crept up from a more than two-and-a-half-year low, and the average workweek measure continued to hover just below zero. Both the current and the expected prices paid indexes edged downward but remained at high levels in June. The prices received indexes were mixed: the current index declined for the third month in a row and was only barely above zero, but the future index edged upward. Expectations about both general business conditions and capital expenditures declined for the third consecutive month, while expectations about new orders and shipments were down marginally—all four measures stayed well above zero.

Business Indexes Rebound

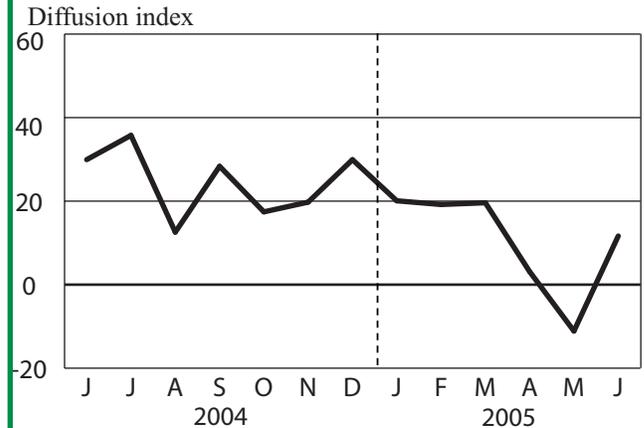
In June, the general business conditions index rose fairly sharply to a level of 11.7, recovering much of the cumulative 30-point drop in April and May that had pushed the index to a more than two-year low. A third of respondents said that conditions had improved, up from 21 percent in May; the proportion reporting deteriorating conditions fell from 32 percent to 22 percent.

The new orders index, which had been declining steadily since January, moved back into positive territory in June, rising from -8.2 to 8.2. The proportion of respondents reporting declines in new orders was down only slightly, at 29 percent, but the share indicating increases jumped from 23 percent to 37 percent. In contrast, the index for unfilled orders remained well below zero this month, edging up from -17.1 to -14.3. The shipments index rose marginally but remained close to zero for the third month in a row, clocking in at 1.0. The delivery time index reversed May's decline, rebounding by nearly 6 points in June, to -2.0, while the inventories index climbed to 4.1.

Selling Prices Level Off

The prices paid index declined 11 points in June, to 30.6, its lowest level since early 2004. Roughly 38 percent of respondents indicated rising input prices, down 12 percentage points from May, while 7 percent noted price declines. The prices received index fell from 7.9 to 2.0 in June—a one-and-a-half-year low. The proportion of respondents reporting higher selling prices fell from 23 percent in May to 15 percent in June,

General Business Conditions



while the percentage indicating lower prices edged down to 13 percent. Employment indexes presented mixed signals on the labor market in June: the index for number of employees rebounded from 0.1 to 5.5, but the average workweek measure remained below zero, edging down to -3.8.

Outlook Somewhat Less Positive

Almost all of the future indexes declined modestly in June, though most remained in positive territory. The future general business conditions index continued its modest downward trend, slipping 2 points to 34.3. Still, roughly half of all respondents expected improvement in general conditions during the next six months, down slightly from May. The future new orders and shipments indexes both decreased slightly in June, to about 43. The future unfilled orders index edged upward, to 9.3. The index for expected employment weakened noticeably in June, falling 9 points to 13.8—its lowest level since last August. A similar decline occurred in the index for expected capital expenditures, which slipped to 13.3—its lowest level in more than two years.

Manufacturers continued to expect more widespread increases in prices paid than in prices received. The future prices paid index edged down from 47.5 to 43.9 in June—half of those surveyed expected input prices to rise, while a modest 6 percent anticipated declines. On the other hand, the future prices received index rose to 12.2—up from 5.9 in May, but still well below April's level of 23.5; roughly 25 percent of those surveyed expected their selling prices to increase, while 12 percent anticipated declines.

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.

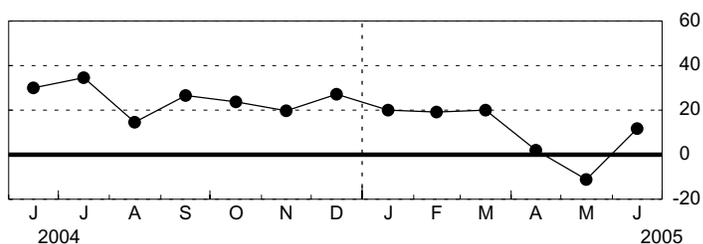
Empire State Manufacturing Survey, June 2005

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	20.92	47.11	31.97	-11.06
Jun	33.45	44.74	21.81	11.65

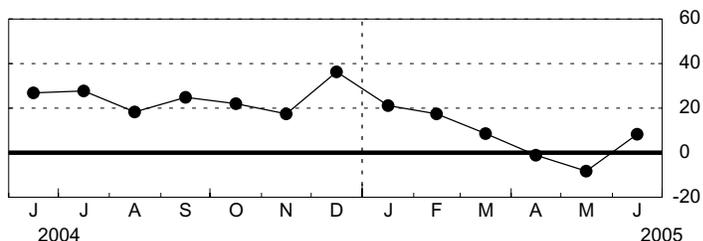
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	22.54	46.68	30.77	-8.23
Jun	36.95	34.33	28.72	8.23

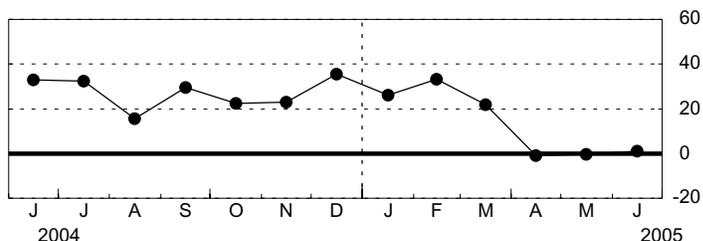
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	26.10	47.31	26.59	-0.50
Jun	32.83	35.35	31.82	1.01

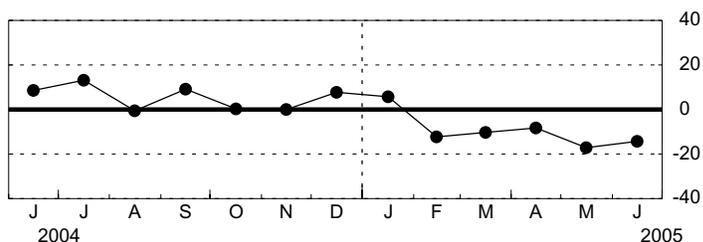
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	12.48	57.93	29.59	-17.12
Jun	14.51	56.71	28.78	-14.27

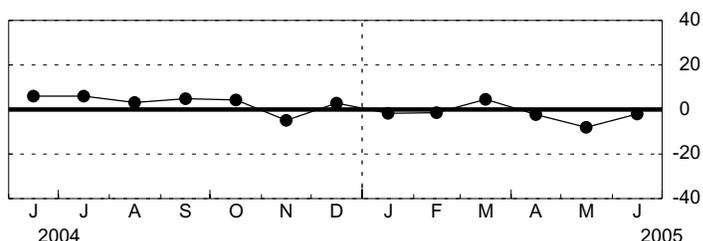
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	7.92	76.24	15.84	-7.92
Jun	10.20	77.55	12.24	-2.04

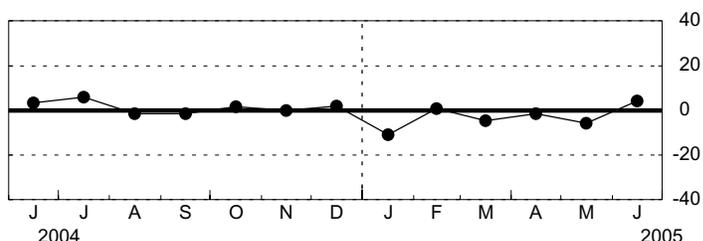
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	20.79	52.48	26.73	-5.94
Jun	28.57	46.94	24.49	4.08

Inventories - Diffusion Index

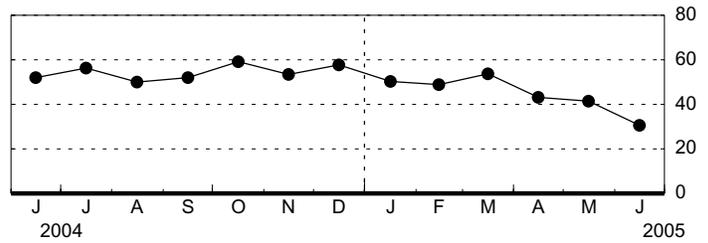


Empire State Manufacturing Survey, June 2005 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	49.50	42.57	7.92	41.58
Jun	37.76	55.10	7.14	30.61

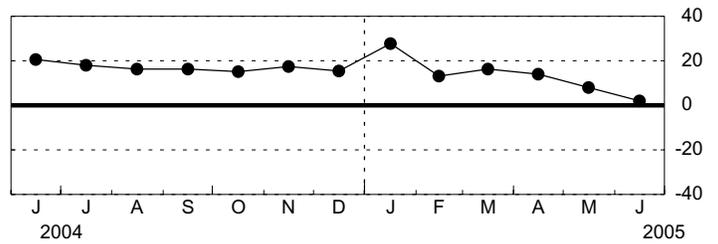
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	22.77	62.38	14.85	7.92
Jun	15.31	71.43	13.27	2.04

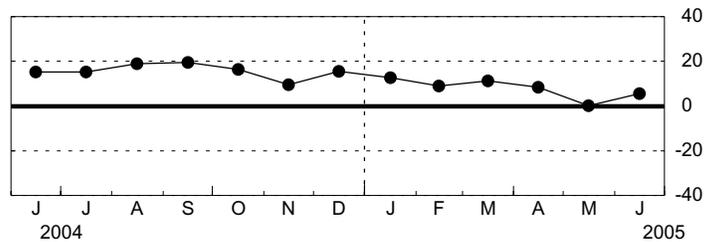
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	17.96	64.21	17.82	0.14
Jun	16.75	72.03	11.22	5.53

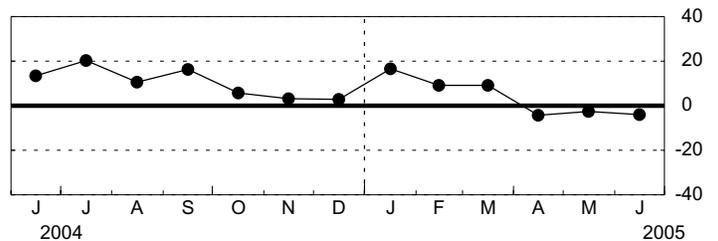
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	14.40	68.77	16.83	-2.43
Jun	11.53	73.17	15.31	-3.78

Average Employee Workweek - Diffusion Index



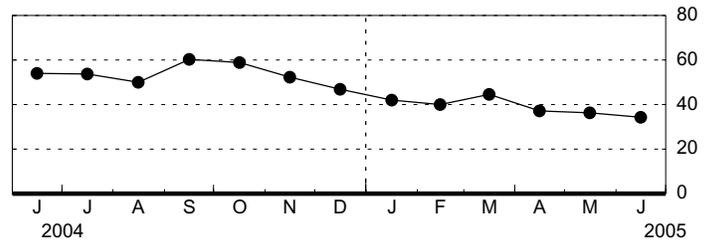
Empire State Manufacturing Survey, June 2005, Expectations Six Months Ahead

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	50.68	34.96	14.36	36.32
Jun	49.16	36.02	14.82	34.33

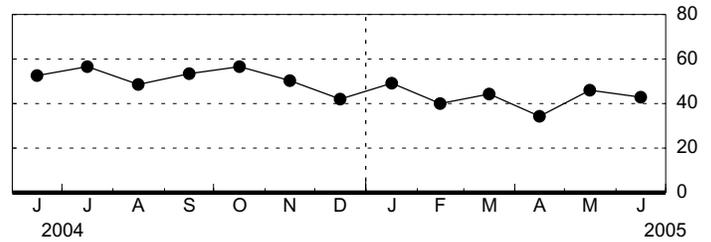
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	57.26	31.31	11.43	45.83
Jun	55.95	31.02	13.04	42.91

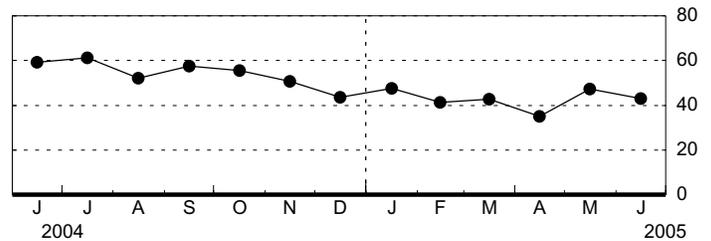
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	57.62	32.19	10.20	47.42
Jun	55.35	32.43	12.23	43.12

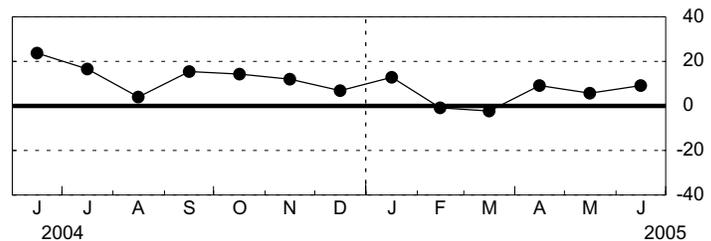
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	25.62	54.53	19.86	5.76
Jun	20.52	68.27	11.21	9.31

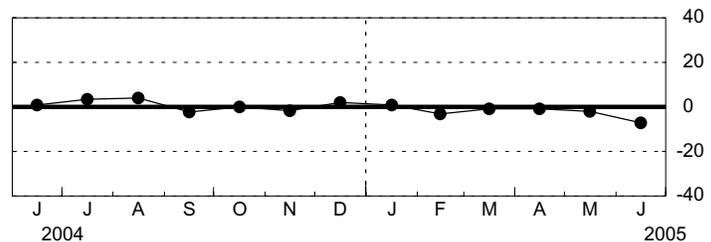
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	7.92	82.18	9.90	-1.98
Jun	6.12	80.61	13.27	-7.14

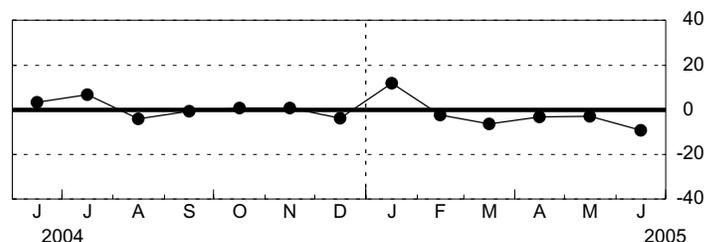
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	25.74	45.54	28.71	-2.97
Jun	21.43	47.96	30.61	-9.18

Inventories - Diffusion Index

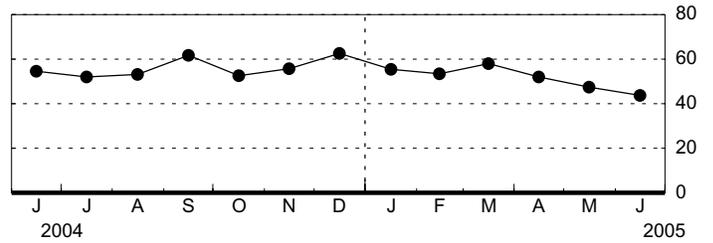


Empire State Manufacturing Survey, June 2005, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	52.48	42.57	4.95	47.52
Jun	50.00	43.88	6.12	43.88

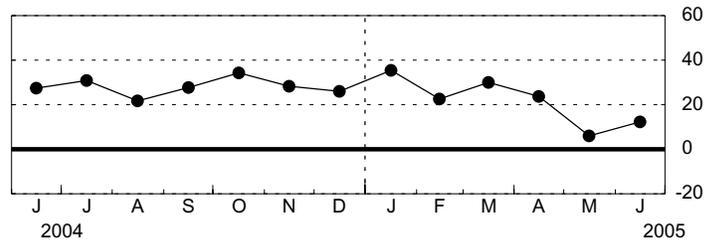
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	23.76	58.42	17.82	5.94
Jun	24.49	63.27	12.24	12.24

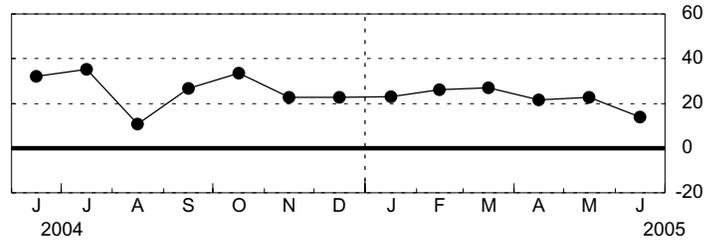
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	35.64	51.55	12.81	22.84
Jun	30.61	52.62	16.77	13.84

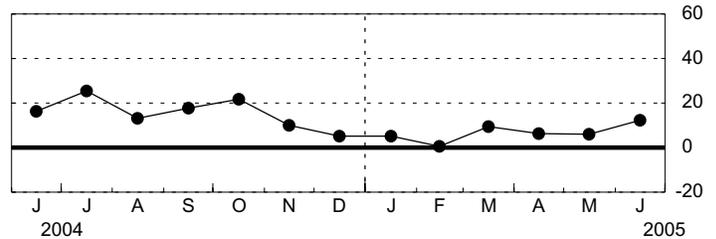
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	17.21	71.71	11.08	6.13
Jun	23.12	66.11	10.77	12.36

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	37.62	47.52	14.85	22.77
Jun	29.59	54.08	16.33	13.27

Capital Expenditures - Diffusion Index

