

August 2004

Empire State Manufacturing

Survey

For release: August 16, 2004 8:30 a.m.

Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers improved in August, but at a slower pace than in recent months. Although the general business conditions index was positive in August, it dropped nearly 25 points to 12.6. Similarly, indexes for new orders and shipments fell but remained positive, while the unfilled orders index dropped below zero for the first time in roughly a year. Price indexes remained elevated and near the levels of the past several months. Employment indexes continued their nearly yearlong string of positive values, with the index for the number of employees rising slightly. Future indexes indicated that respondents remained optimistic, but values were somewhat below the high levels of much of the past year. In particular, the six-months-ahead employment index remained above zero, but fell more than 25 points, the steepest drop seen in the future indexes this month.

The Pace of Growth Moderates

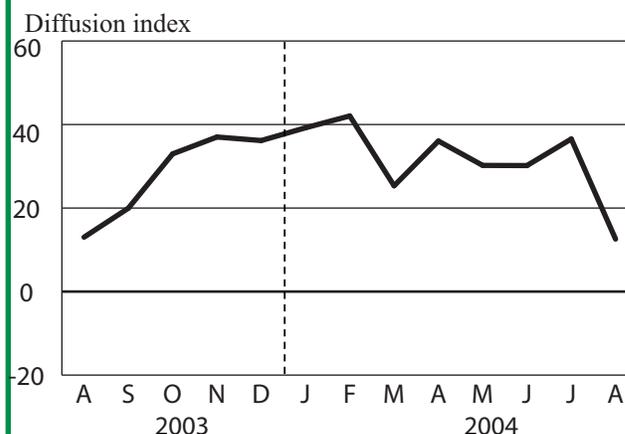
Although the general business conditions index continued to reflect improvement in August, it fell sharply from 35.8 to 12.6, indicating a deceleration in business activity. While 46 percent of respondents had reported improved conditions in July, only 28 percent—the lowest level in more than a year—did so in August; 16 percent reported that conditions had worsened, compared with 10 percent last month. The new orders index also fell but, at 14.9, indicated continued growth in orders. The shipments index declined more than 20 points to 11.9. The unfilled orders index fell below zero for the first time since September of last year, with 13 percent of respondents reporting a rise in orders compared with 32 percent in July.

The delivery time index, at 3.3, remained near its level of the past few months. The inventories index dipped below zero, to -1.6, with 20 percent of respondents indicating a rise in inventories in August compared with 28 percent last month.

Prices and Employment Continue to Escalate

Price indexes remained relatively high, as they have been for the past several months. The prices paid index was 49.6, with 52 percent of respondents reporting that prices had risen in August. The prices received index was 16.3, a level similar to those observed since March; 22 percent of respondents reported that they had raised prices. Employment indexes were positive. The number of employees index rose slightly to 17.0, with 26 percent of respondents hiring more employees this

General Business Conditions



month and only 9 percent reducing employment. The average workweek index dipped from 22.5 to 6.8.

Outlook Suggests Tempered Optimism

Future indexes remained positive, but were somewhat lower in August. The future general business conditions index, at 47.6, indicated continued optimism, with more than half of respondents expecting conditions to be better in six months. The future new orders and shipments indexes were at similar levels. The future unfilled orders index dropped for a second consecutive month but remained slightly above zero. Future price indexes remained elevated and indicated an expectation that prices will continue to rise. Future employment indexes fell; the future index for number of employees dropped markedly—more than 25 points—but remained above zero, with 24 percent of respondents expecting to have more employees in six months as compared with 44 percent last month. The capital expenditures index fell from 29.1 to 21.1.

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.

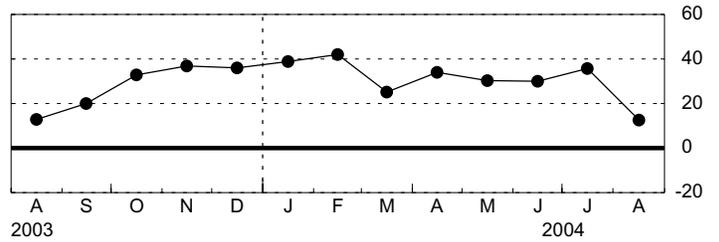
Empire State Manufacturing Survey, August 2004

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	45.50	44.76	9.74	35.75
Aug	28.42	55.73	15.85	12.57

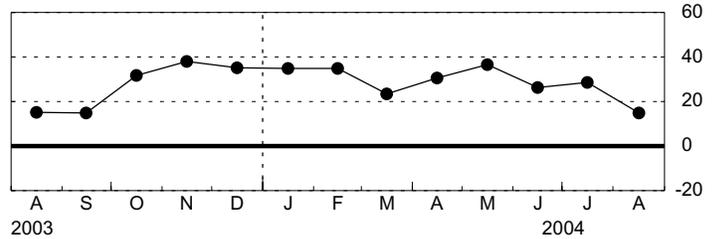
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	46.36	35.86	17.79	28.57
Aug	33.91	47.04	19.05	14.85

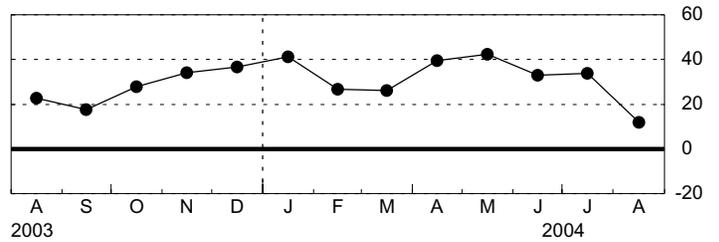
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	48.53	36.89	14.57	33.96
Aug	34.42	43.03	22.54	11.88

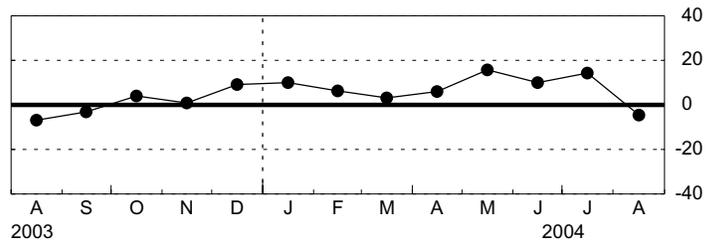
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	31.64	51.03	17.33	14.31
Aug	13.26	68.87	17.87	-4.61

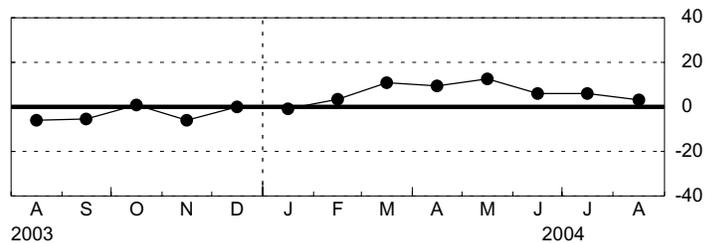
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	14.53	76.92	8.55	5.98
Aug	11.38	80.49	8.13	3.25

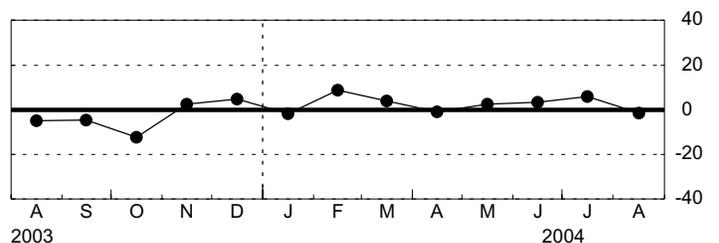
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	28.21	49.57	22.22	5.98
Aug	19.51	59.35	21.14	-1.63

Inventories - Diffusion Index

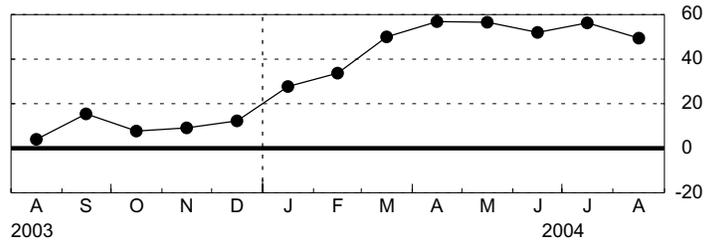


Empire State Manufacturing Survey, August 2004 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	56.41	43.59	0.00	56.41
Aug	52.03	45.53	2.44	49.59

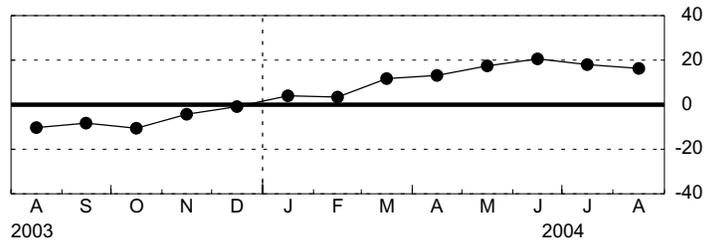
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	25.64	66.67	7.69	17.95
Aug	21.95	72.36	5.69	16.26

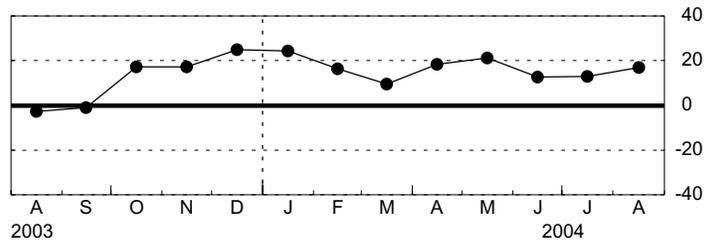
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	27.59	57.88	14.53	13.06
Aug	25.92	65.14	8.94	16.98

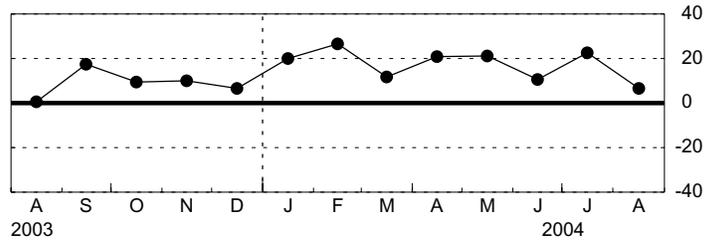
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	34.46	53.57	11.97	22.50
Aug	17.34	72.09	10.57	6.77

Average Employee Workweek - Diffusion Index

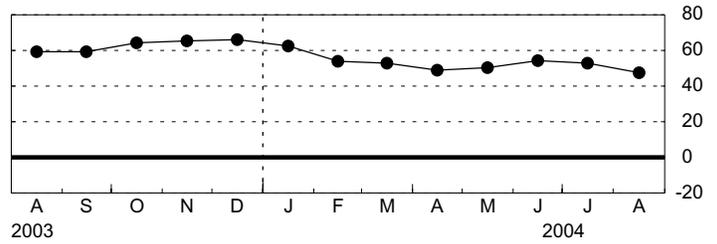


Empire State Manufacturing Survey, August 2004, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	62.81	27.23	9.96	52.84
Aug	54.99	37.65	7.37	47.62

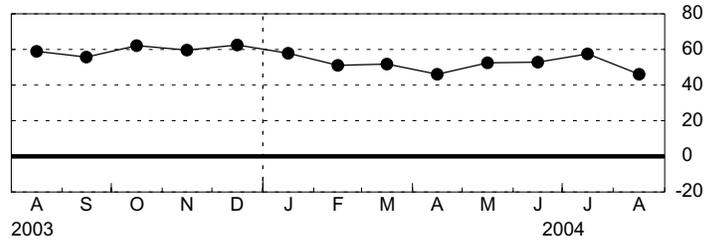
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	67.75	22.03	10.22	57.53
Aug	54.59	36.68	8.72	45.87

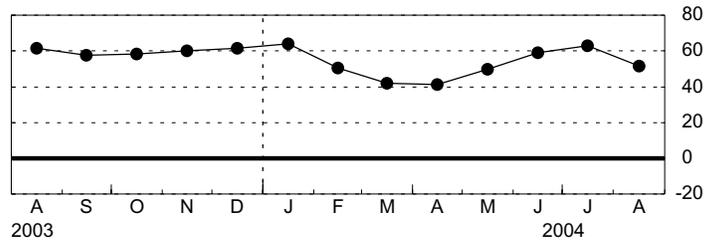
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	71.21	20.58	8.21	63.00
Aug	57.94	35.73	6.33	51.62

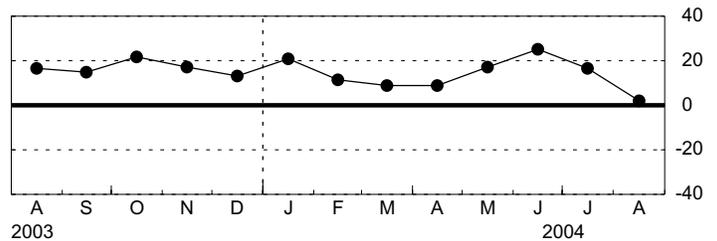
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	31.77	53.20	15.03	16.73
Aug	15.76	70.61	13.63	2.13

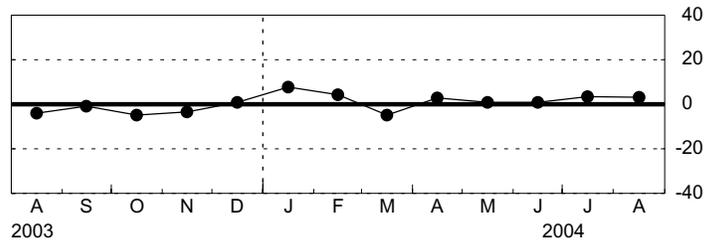
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	14.53	74.36	11.11	3.42
Aug	8.94	85.37	5.69	3.25

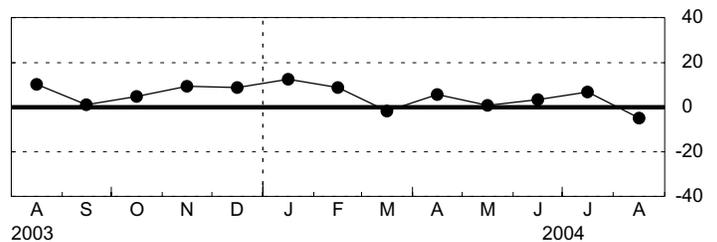
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	26.50	53.85	19.66	6.84
Aug	20.33	54.47	25.20	-4.88

Inventories - Diffusion Index

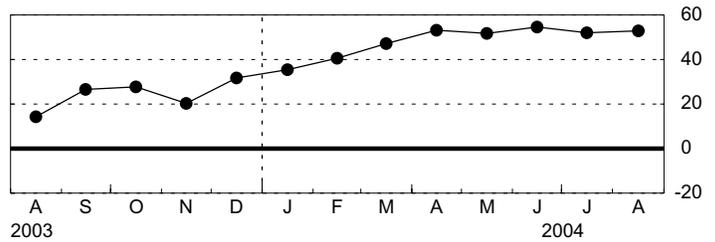


Empire State Manufacturing Survey, August 2004, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	55.56	41.03	3.42	52.14
Aug	54.47	43.90	1.63	52.85

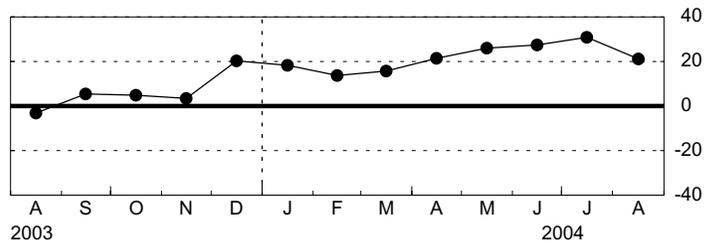
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	35.90	58.97	5.13	30.77
Aug	30.08	60.98	8.94	21.14

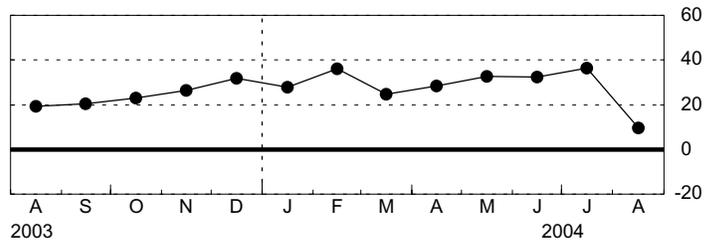
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	43.59	49.16	7.25	36.34
Aug	23.58	62.52	13.90	9.68

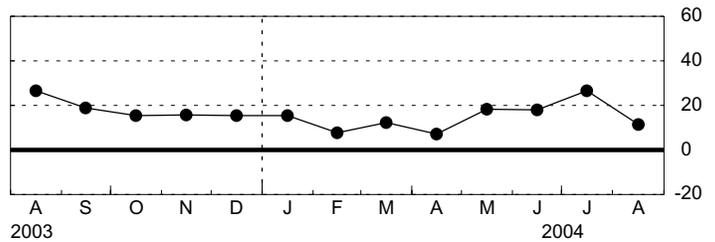
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	35.45	55.85	8.70	26.75
Aug	19.93	71.53	8.54	11.39

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	35.90	57.26	6.84	29.06
Aug	31.71	57.72	10.57	21.14

Capital Expenditures - Diffusion Index

