

August 2005

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Empire State Manufacturing

Survey

Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers continued to improve in August. The general business conditions index remained close to its July level, falling only slightly to 23.0. The new orders index rose sharply for a third consecutive month, reaching its highest level of the year, and the shipments and unfilled orders indexes were also positive and higher than last month. The prices paid index was positive and above its July level, and the future prices paid index advanced markedly. The prices received index fell below zero for the first time in considerably more than a year. Employment indexes indicated expanded employment and a longer workweek. Future indexes rose and indicated substantial optimism for the six months ahead.

Business Conditions Improve

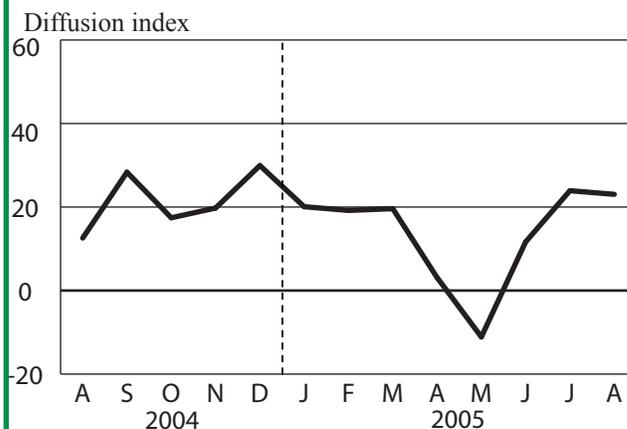
After falling to relatively low levels in April, May, and June, the survey's main index returned in July and August to the robust readings of much of the past twelve months. The general business conditions index was 23.0 in August, roughly the same level as in July. This month, 33 percent of respondents reported that conditions had improved, down from 42 percent, while 10 percent said that conditions had deteriorated, down from 18 percent. The new orders index continued its climb from its May trough of -8.2, rising nearly 15 points from its July level to reach 33.8, its highest level of the year. The shipments index held steady at 23.9. The unfilled orders index rose to 7.2, its second consecutive positive reading after a series of negative readings from February to June. The delivery time index advanced to 7.0, with longer delivery times reported by 11 percent of respondents. The inventories index was slightly negative but higher than in July.

Prices and Employment Escalating

Reversing its downward trend of the past several months, the prices paid index rose from 21.6 to 29.0, indicating an acceleration in price increases. Its August level, however, remained well below levels observed earlier this year. Thirty-seven percent of respondents reported that prices had risen, while 8 percent reported a decline. The prices received index fell below zero for the first time in more than a year, retreating to -1.0; 11 percent of respondents reported an increase in prices received, while 12 percent reported a decrease.

Employment indexes were positive and above July levels. The index for number of employees climbed to 10.2, with 20 percent of respondents reporting increased employment. The

General Business Conditions



average workweek index rose sharply, to 20.5, its highest level in more than a year.

A Favorable Outlook Continues

Future indexes were clearly optimistic. The future general business conditions index rose several points, to 53.3, with more than 60 percent of respondents expecting conditions to improve over the next six months and only 8 percent expecting them to worsen. Like the general business conditions index, the future new orders and shipments indexes were also higher than 50 and above July levels. The future inventories index rose above zero for the first time since January, with roughly one-quarter of respondents expecting inventories to rise. Prices are expected to climb – the future prices paid index rose nearly 20 points, to 47.0, after dipping last month, and the future prices received index remained positive. Future employment indexes conveyed respondents' expectation that employment will expand over the next six months. The capital expenditures index, at 24.0, was effectively unchanged from last month.

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.

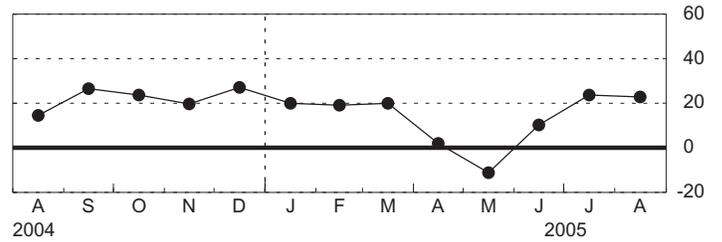
Empire State Manufacturing Survey, August 2005

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	42.11	39.68	18.21	23.91
Aug	32.98	57.08	9.94	23.04

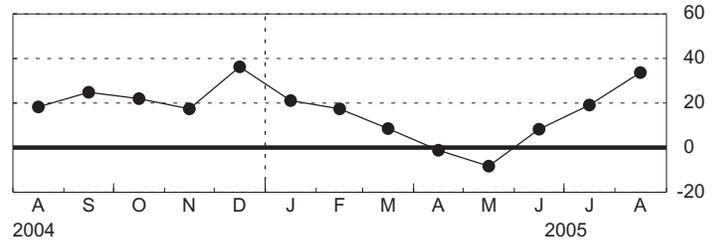
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	40.88	37.40	21.72	19.15
Aug	43.13	47.48	9.39	33.75

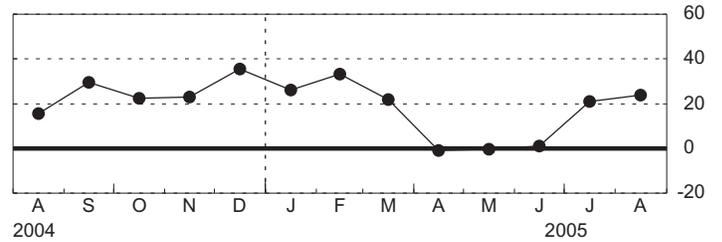
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	43.19	34.53	22.28	20.91
Aug	38.02	47.82	14.16	23.87

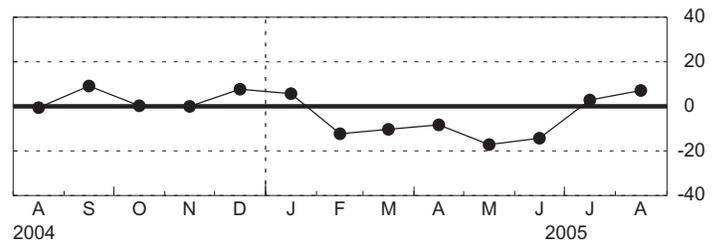
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	18.60	65.66	15.74	2.86
Aug	21.24	64.73	14.04	7.20

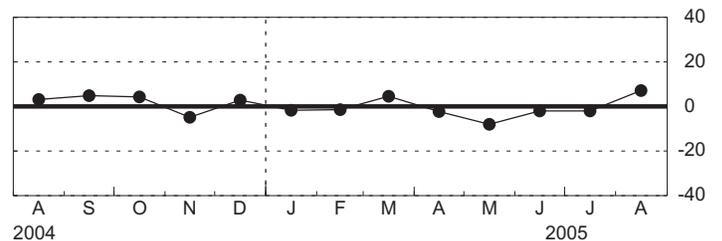
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	7.84	82.35	9.80	-1.96
Aug	11.00	85.00	4.00	7.00

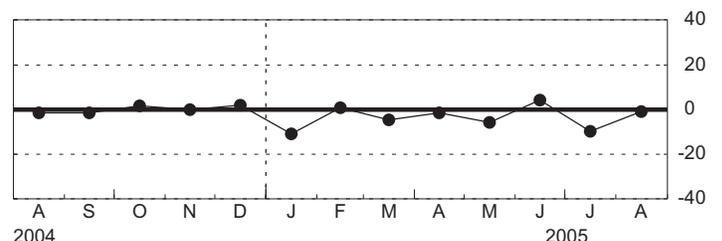
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	23.53	43.14	33.33	-9.80
Aug	25.00	49.00	26.00	-1.00

Inventories - Diffusion Index



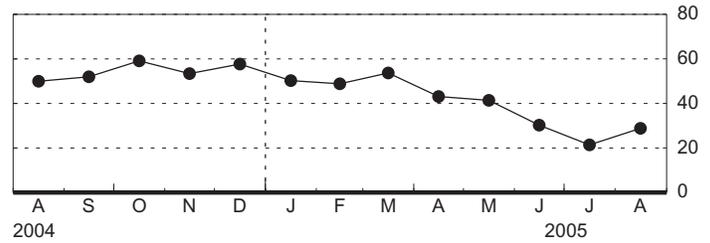
Empire State Manufacturing Survey, August 2005

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	29.41	62.75	7.84	21.57
Aug	37.00	55.00	8.00	29.00

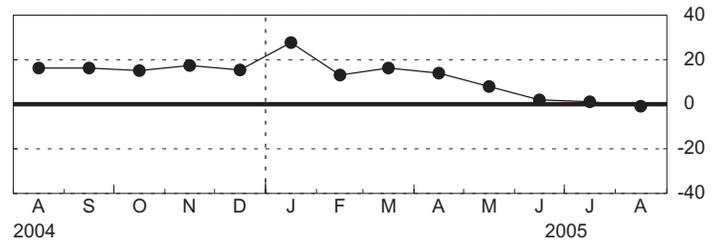
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	11.76	77.45	10.78	0.98
Aug	11.00	77.00	12.00	-1.00

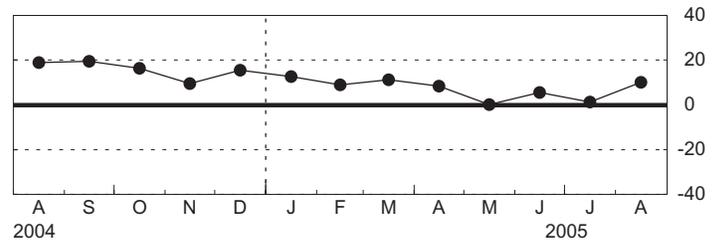
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	21.03	59.36	19.61	1.42
Aug	20.17	69.83	10.00	10.17

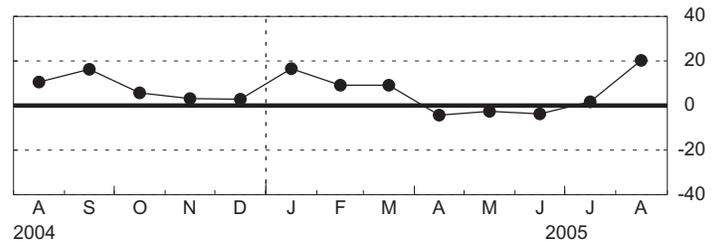
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	19.47	62.88	17.65	1.82
Aug	25.46	69.54	5.00	20.46

Average Employee Workweek - Diffusion Index

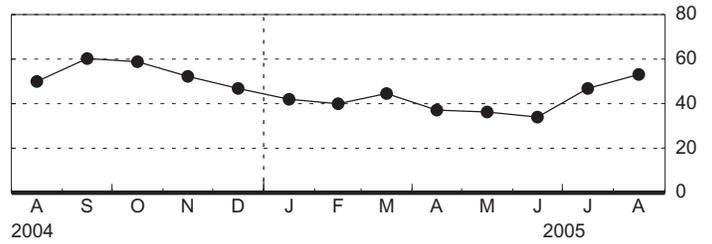


Empire State Manufacturing Survey, August 2005, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	54.75	37.50	7.75	47.00
Aug	60.78	31.70	7.52	53.26

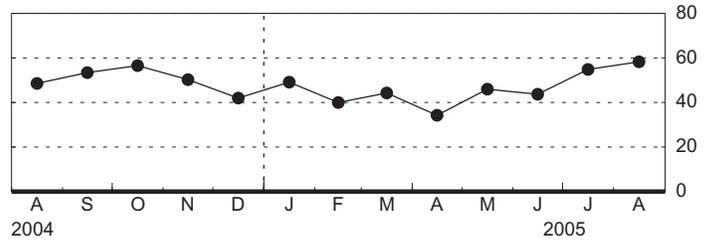
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	62.46	29.86	7.68	54.77
Aug	63.94	30.48	5.58	58.36

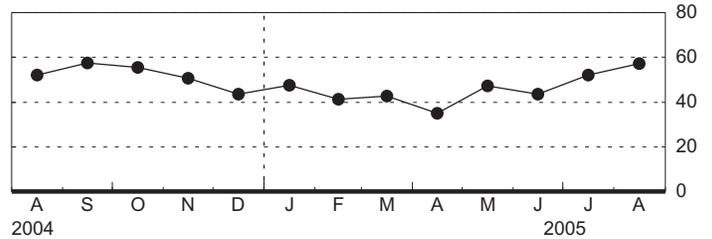
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	61.19	29.83	8.98	52.21
Aug	63.78	29.62	6.60	57.18

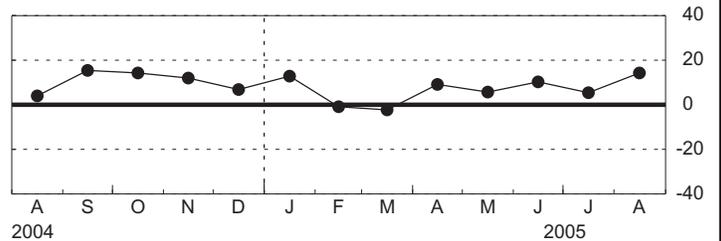
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	17.82	69.81	12.37	5.45
Aug	21.13	71.96	6.91	14.22

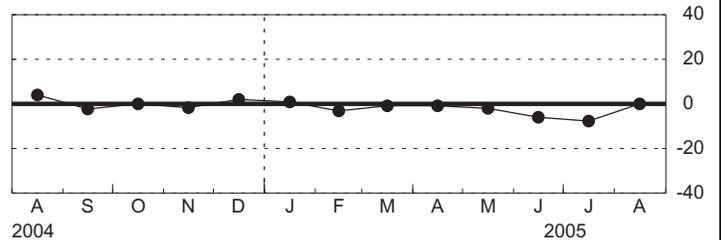
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	4.90	82.35	12.75	-7.84
Aug	8.00	84.00	8.00	0.00

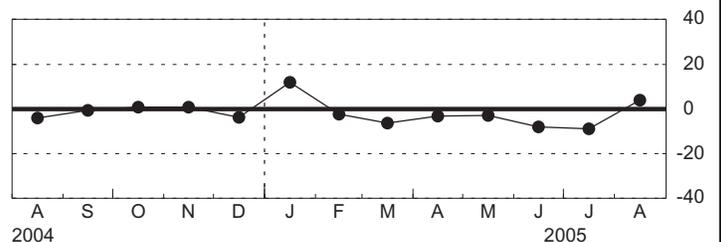
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	19.61	51.96	28.43	-8.82
Aug	26.00	52.00	22.00	4.00

Inventories - Diffusion Index

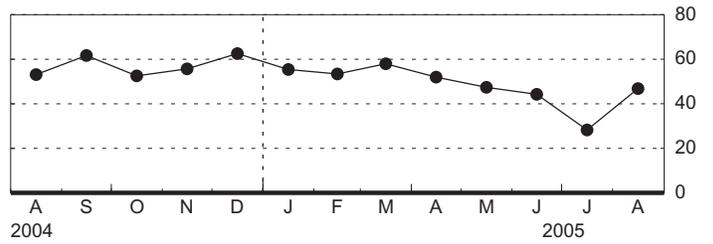


Empire State Manufacturing Survey, August 2005, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	36.27	55.88	7.84	28.43
Aug	52.00	43.00	5.00	47.00

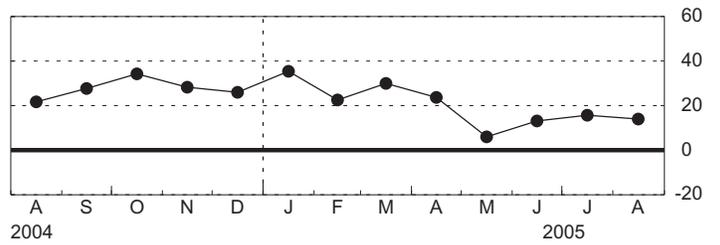
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	26.47	62.75	10.78	15.69
Aug	29.00	56.00	15.00	14.00

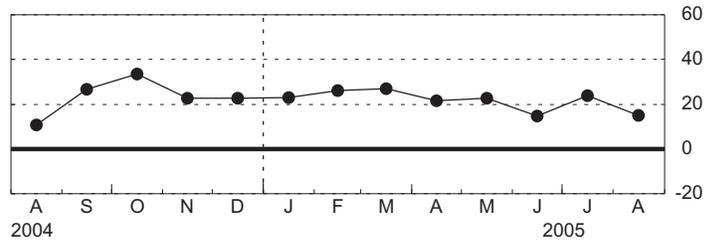
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	34.31	55.25	10.44	23.88
Aug	26.00	62.95	11.05	14.95

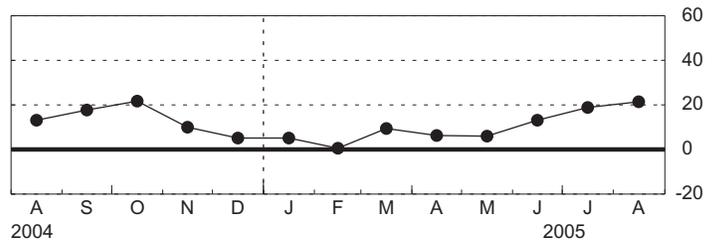
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	31.95	54.96	13.08	18.87
Aug	27.89	65.60	6.51	21.38

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	38.24	48.04	13.73	24.51
Aug	35.00	54.00	11.00	24.00

Capital Expenditures - Diffusion Index

