Note
All data for the September Empire State Manufacturing Survey were gathered between September 1 and 14, after Hurricane Katrina struck the Gulf Coast.

Summary
The Empire State Manufacturing Survey indicates that conditions for New York manufacturers continued to improve in September. The general business conditions index dipped several points from August, but remained positive at 17.0. The new orders index fell sharply but stayed above zero, while the shipments index rose to its highest level in several months. The unfilled orders index fell below zero. Price indexes rose steeply. The prices paid index climbed to its highest level since March, while the prices received index rose into positive territory. The future prices paid and received indexes both reached record levels. Employment indexes were positive and close to their August readings. Future indexes suggested a level of optimism modestly lower than that in August, but survey respondents expected business activity to continue to expand over the next six months.

Conditions Remain Generally Favorable
Although the general business conditions index fell from 23.0 in August to 17.0 in September, it remained positive, indicating ongoing expansion in New York’s manufacturing industry. Improved conditions were reported by 32 percent of respondents, roughly the same percentage as in August, while 15 percent—up from 10 percent last month—reported that conditions had deteriorated. The new orders index indicated that orders were rising, but at a slower pace than last month; the index fell over 20 points to 13.1. The shipments index reached its highest level since February, rising to 31.5, with almost half the respondents citing an increase in shipments. After two consecutive months of positive readings, the unfilled orders index fell below zero, to -8.8.

The delivery time index was 4.6, slightly below its August level. The inventories index remained just below zero at -5.7, with 18 percent of respondents reporting a rise in inventories and 24 percent reporting a decline.

Price Indexes Rise Sharply
The prices paid index rose more than 20 points to 53.4, its highest level since March. More than half the respondents reported that prices were higher in September, while just 3 percent reported that prices had fallen. The prices received index turned positive after dipping below zero last month, rising to 10.2, its highest level in several months. Nearly one-quarter of the respondents reported receiving higher prices in September, compared with 11 percent in August, while 13 percent said the prices were lower, roughly the same percentage as in August.

Employment indexes remained positive. The index for number of employees, at 12.9, remained close to last month’s level, with 21 percent of respondents increasing employment and 8 percent reducing employment. The average workweek index fell to 11.6, a reading well above those recorded for the months from April through July.

Continued Growth and Higher Prices Expected
Survey respondents expected that conditions would continue to improve over the next six months, although they foresaw a rise in prices. The future general business conditions index remained strong, with almost half the respondents expecting conditions to improve. Still, the index suggested a dip in the level of optimism from last month, falling from 53.3 to 39.3. The future new orders and shipments indexes also fell from August levels, but remained well above zero, with more than 50 percent of respondents expecting both orders and shipments to rise. The future inventories index fell to -10.2.

Prices are expected to escalate further: both future prices paid and future prices received indexes jumped to record highs. The future prices paid index increased nearly 30 points, to 75.0, with 75 percent of respondents expecting prices to rise and none expecting prices to fall. The future prices received index rose to 37.5, with 43 percent expecting prices to rise. Future employment indexes remained positive and close to their levels of the past several months. The capital expenditures index held steady at 27.3.
## General Business Conditions

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Empire State Manufacturing Survey, September 2005
Seasonally Adjusted

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Empire State Manufacturing Survey, September 2005, Expectations Six Months Ahead
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Number of Employees

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