

Supplemental Survey Report

Firms Foresee 3 Percent Hike in Prices Paid and 2 Percent Hike in Selling Prices

The supplementary questions to the May 2014 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on past and expected changes in both the prices firms pay for inputs and the prices they charge their customers. The same set of questions had previously been asked in surveys conducted each May starting in 2008; select questions had first been posed in 2007.

The median respondent in both surveys estimated that the prices they paid for inputs rose by 3.0 percent over the past twelve months. The median increases anticipated for the next twelve months were also 3.0 percent for both manufacturers and service firms—exactly matching the median predictions in last May’s survey.

Regarding the perceived probabilities of various price scenarios, respondents in the current surveys

estimated an 8 to 9 percent chance, on average, that prices paid would rise 8 percent or more, and a 56 percent chance that prices paid would rise at least 2 percent. Manufacturing respondents, on average, indicated a 9 percent chance that prices would decline by more than 2 percent, while service-sector respondents reported just a 5 percent chance of such a decline; both figures are about the same as in last year’s surveys. Manufacturers perceived the probability that prices would remain relatively steady (within 2 percent of current levels) as being about 35 percent, while service-sector participants pegged the odds of such an outcome at 39 percent.

In assessing past changes in their selling prices, both groups of firms reported a median price increase of just 2 percent—a full percentage

point higher than in last May’s survey. Looking ahead to the next twelve months, firms also predicted a 2 percent median rise in their selling prices—the same as in last May’s survey.

Finally, manufacturers, on average, saw a 3 percent chance that they would raise their selling prices by 8 percent or more and a 40 percent chance that they would raise prices by at least 2 percent. Among service-sector respondents, the corresponding probabilities were 5 percent and 49 percent. At the other end of the spectrum, the average manufacturer reported a 13 percent chance that prices received would fall 2 percent or more, while service-sector firms indicated only a 6 percent chance—in both cases, somewhat lower perceived probabilities than in the 2013 survey. ■

Supplemental Survey Report, *continued*

	May 2014 Survey		May 2013 Survey	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
By what percentage have your input and selling prices changed over the <i>past</i> twelve months?	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	3.0	3.0	3.0	2.0
Your selling prices	2.0	2.0	1.0	1.0
By what percentage do you expect your input and selling prices to change over the <i>next</i> twelve months?	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	3.0	3.0	3.0	3.0
Your selling prices	2.0	2.0	2.0	2.0
What would you say is the percentage chance that, over the next twelve months, the prices you pay will . . .	Average Percentage Chance of Specified Price Change*		Average Percentage Chance of Specified Price Change*	
Increase 8 percent or more	8.9	7.5	7.6	5.0
Increase 2 to 8 percent	47.5	48.4	56.6	50.6
Stay within 2 percent of current levels	34.5	39.0	27.8	40.9
Decrease 2 to 8 percent	7.3	4.2	6.8	3.1
Decrease 8 percent or more	1.8	1.0	1.2	0.4
What would you say is the percentage chance that, over the next twelve months, your selling prices will . . .	Average Percentage Chance of Specified Price Change*		Average Percentage Chance of Specified Price Change*	
Increase 8 percent or more	3.4	5.4	1.5	2.7
Increase 2 to 8 percent	36.8	43.5	43.7	41.2
Stay within 2 percent of current levels	47.3	45.0	39.0	48.5
Decrease 2 to 8 percent	11.5	4.6	11.6	6.3
Decrease 8 percent or more	1.0	1.6	4.2	1.3

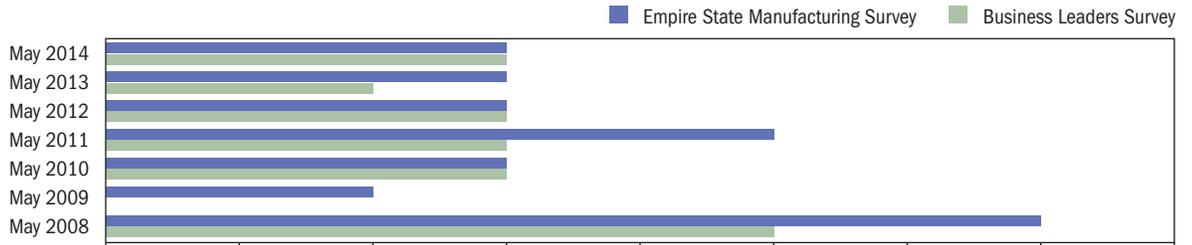
*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values reported reflect the average indicated percentage chance across all respondents.

Supplemental Survey Report, *continued*

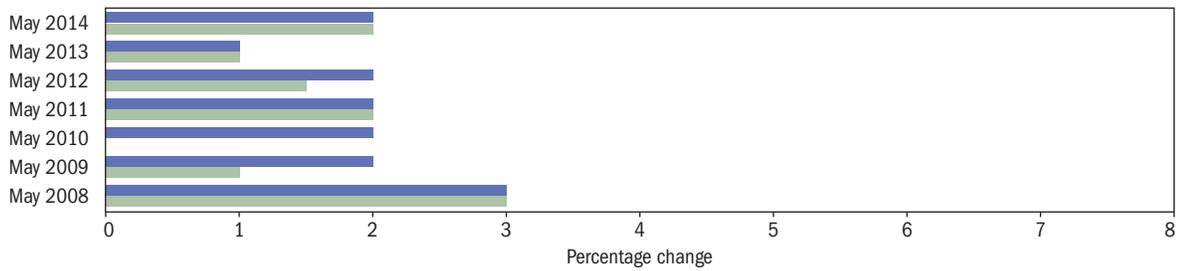
HISTORICAL OVERVIEW

By what percentage have your input and selling prices changed over the *past* twelve months?

Prices you pay (input prices)

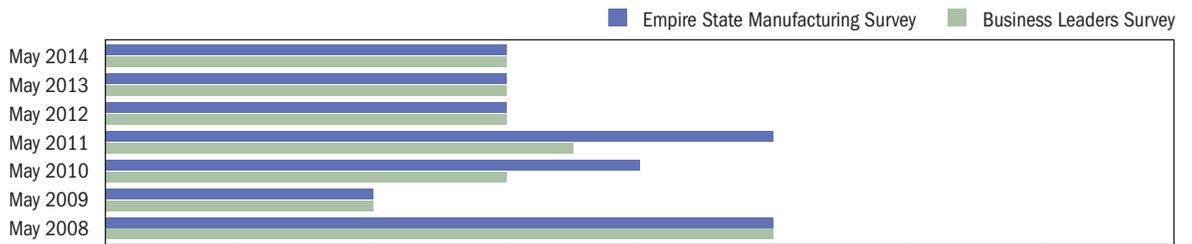


Your selling prices



By what percentage do you expect your input and selling prices to change over the *next* twelve months?

Prices you pay (input prices)



Your selling prices

