

Supplemental Survey Report

Stronger Sales Anticipated for Second Half of 2014

In a series of supplementary questions to the June 2014 *Empire State Manufacturing Survey* and *Business Leaders Survey*, businesses were asked how much their sales, employment levels, and capital spending had changed between the first half of 2013 and the first half of 2014 and how they expected these measures to evolve over the full year. Manufacturers were also asked about their 2014 sales (revenues), hiring, and capital spending, relative to what they had expected at the beginning of the year. These questions had been posed previously in August 2013 and in earlier surveys.

The median manufacturing respondent reported that in the first half of this year, sales were up 1½ percent from comparable 2013 levels; among service-sector firms, the median respondent reported an increase of 3 percent. In assessing

sales prospects for the full year 2014, however, businesses were more optimistic: the median firm in both surveys projected annual sales to be 4 percent higher in 2014 than in 2013. In the August 2013 survey, the median increase projected for that year was 5 percent for manufacturers and 3 percent for service-sector firms.

When asked about changes in staffing levels, the median respondent in both surveys indicated no change; for the full year 2014, the median projection was no change among manufacturers but a 1 percent increase among service firms. In the August 2013 surveys, both groups of firms indicated no change in employment. Capital spending for the first few months of 2014 was also indicated as unchanged from a year earlier—for both manufacturing and service firms; however, service-sector respondents projected a 3 percent hike in capital spending for the full year.

Survey respondents were also asked if they had recently modified their sales/revenue expectations for the second half of 2014. Responses were slightly negative, on balance: 26 percent of manufacturers reported that they had scaled back expectations, while 20 percent said that they had revised them upward. Similarly, among service firms, 32 percent reported downward revisions, while 22 percent indicated upward revisions.

Finally, businesses were asked about their hiring and capital spending for 2014, relative to what they had been planning at the beginning of the year. Year-to-date, actual hiring and capital spending have both been slightly less than planned, on balance, although a large majority of respondents in both surveys said that both were going about as planned. Looking ahead to the second half of the year, neither hiring nor capital spending plans were revised substantially. ■

Supplemental Survey Report, *continued*

QUESTION 1

Please estimate the percentage change in your firm's sales, number of employees, and capital spending from 2013 to 2014—both for the first half of the year and what you expect for the full year:

	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	June 2014		August 2013	
	Median Percentage Change from 2013 to 2014		Median Percentage Change from 2012 to 2013	
Total Sales				
First half of year	1.5	3.0	3.0	2.0
Full year	4.0	4.0	5.0	3.0
Number of Employees				
First half of year	0.0	0.0	0.0	0.0
Full year	0.0	1.0	0.0	0.0
Capital Spending				
First half of year	0.0	0.0	0.0	0.0
Full year	0.0	3.0	1.0	2.0

QUESTION 2

In the past several months, to what extent have you modified your sales (revenues) expectations for the second half of the year?

	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	June 2014		August 2013	
	Percentage of Respondents		Percentage of Respondents	
Reduced substantially	6.2	2.4	8.5	6.9
Reduced somewhat	19.8	29.8	26.8	32.7
No change	54.3	46.0	41.5	43.6
Increased somewhat	17.3	20.2	19.5	14.9
Increased substantially	2.5	1.6	3.7	2.0

Supplemental Survey Report, *continued*

QUESTION 3

Relative to what you were planning at the beginning of 2014, how have your actual hiring and capital spending proceeded thus far this year?

	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
June 2014				
	Actual Hiring		Actual Capital Spending	
	Percentage of Respondents		Percentage of Respondents	
Much less than planned	2.2	3.3	6.6	3.3
Somewhat less than planned	19.8	21.1	13.2	14.0
About as planned	59.3	65.0	64.8	67.8
Somewhat more than planned	15.4	9.8	11.0	13.2
Much more than planned	3.3	0.8	4.4	1.7

QUESTION 4

Relative to what you were planning at the beginning of 2014, how have you modified your hiring and capital spending plans for the remainder of this year?

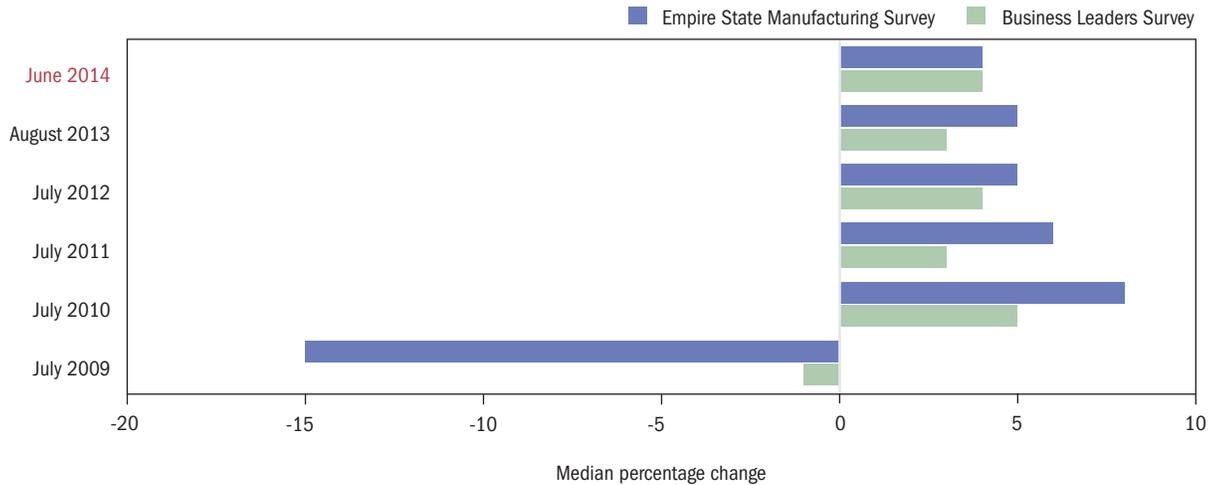
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
June 2014				
	Projected Hiring		Projected Capital Spending	
	Percentage of Respondents		Percentage of Respondents	
Revised lower substantially	2.2	2.4	5.4	3.3
Revised lower somewhat	17.4	20.2	17.4	13.8
About the same	59.8	59.7	58.7	62.6
Revised higher somewhat	18.5	16.9	16.3	17.9
Revised higher substantially	2.2	0.8	2.2	2.4

Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 1A

Please estimate the percentage change in your firm's *sales* from last year to this year.

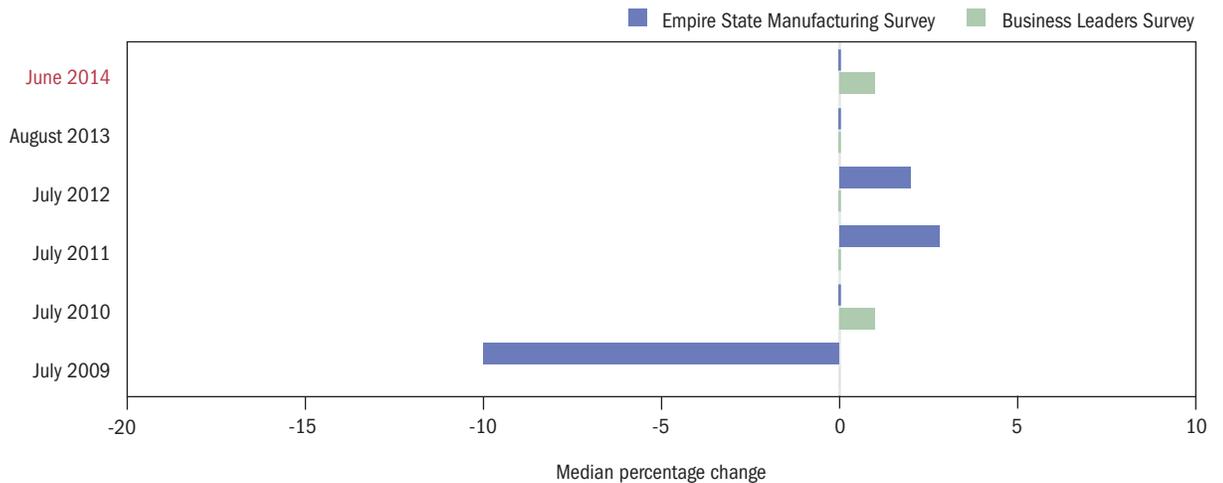
Survey Conducted in:



HISTORICAL OVERVIEW FOR QUESTION 1B

Please estimate the percentage change in your firm's *employment level* from last year to this year.

Survey Conducted in:



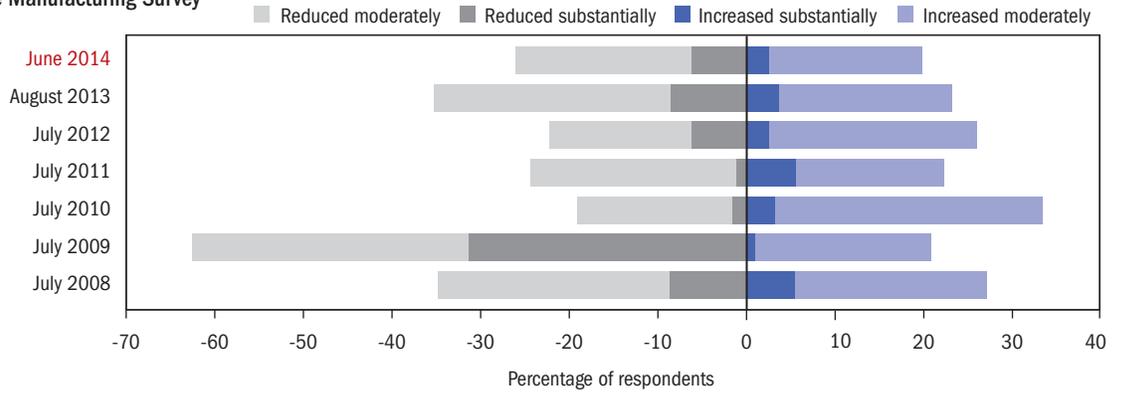
Note: Manufacturers reported no change in their employment level in June 2014, August 2013, and July 2010; service-sector firms reported no change in their employment level in August 2013, July 2012, July 2011, and July 2009.

Supplemental Survey Report, *continued*

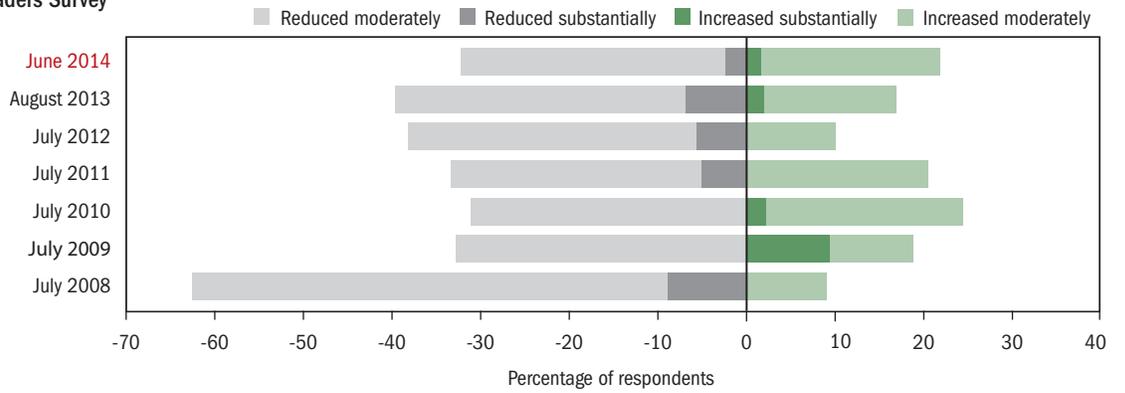
HISTORICAL OVERVIEW FOR QUESTION 2

To what extent have you modified your sales expectations in recent months?

Empire State Manufacturing Survey



Business Leaders Survey



Note: In July 2012 and earlier surveys, manufacturers were asked about "production plans," as opposed to sales/revenue expectations.