

# Supplemental Survey Report

## Businesses Continue to Expect Moderate Price Pressures

Supplementary questions to the December *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on recent and expected changes in the prices paid by firms for several major budget categories, including wages, employee benefits, insurance, energy, and other commodities. The same set of questions had been asked in surveys conducted in November 2013 and earlier.

In the current survey, both manufacturers and service firms reported that prices paid overall rose about 4 percent, on average, in 2014 and were expected to rise at about the same rate in 2015. Among the broad budget categories, employee benefits exhibited the steepest price increase—both actual and expected. Manufacturers reported that benefit costs rose 6.6 percent, on average, over the past year, while service firms cited a somewhat more moderate

rise of 5.8 percent. Interestingly, these increases were considerably less steep than had been anticipated in the November 2013 survey. Looking ahead to 2015, both groups of respondents expected a further escalation in benefit costs of about 7 percent, on average. Wage costs were also expected to accelerate in 2015, but only slightly. In contrast, energy costs were expected to slow to a rate of just under 2 percent in 2015, after rising by 2.9 percent in the manufacturing sector and 2.2 percent in the service sector. Price changes for a few other major categories are shown in the attached charts and tables.

Respondents were also asked to gauge the likelihood that the prices they paid overall would increase or decrease within certain specified ranges. The overall distribution reflects a bit more dispersion than in last year's survey,

especially among service firms. Among manufacturers, the probability that prices would rise by more than 8 percent averaged out to about 9 percent—slightly higher than in last November's survey—but among service firms, the perceived chance of that large an increase doubled from 6 percent to 12 percent. At the other end of the spectrum, the average perceived probability that prices would decline by at least 2 percent overall rose from 4 percent (in last November's survey) to 6 percent among service firms, and to 8 percent among manufacturers.

Finally, businesses were asked how they expected their selling prices to change over the next year. Among both groups of respondents, the average expected increase in the current survey was roughly 2 percent—up marginally from last year's survey. ■

## Supplemental Survey Report, *continued*

### QUESTION 1

For each of the following budget categories, please indicate the approximate percentage change in the price you paid in 2014 and the expected percentage change in the price in 2015:

	Empire State Manufacturing Survey		Business Leaders Survey	
	Average Percentage Change Reported for 2014	Average Percentage Change Expected for 2015	Average Percentage Change Reported for 2014	Average Percentage Change Expected for 2015
Wages	2.7	3.1	3.6	3.8
Employee benefits	6.6	7.2	5.8	6.9
Insurance (e.g., liability, fire)	3.5	3.7	4.2	4.1
Outside services	2.8	2.2	3.3	3.6
Energy	2.9	1.9	2.2	1.5
Other commodities	2.3	1.8	1.3	1.6
Overall	4.1	4.0	4.2	4.3

### QUESTION 2

What would you say is the percentage chance that, over the next twelve months, your prices paid will . . .

	Empire State Manufacturing Survey		Business Leaders Survey	
	Average Percentage Chance of Specified Price Change*		Average Percentage Chance of Specified Price Change*	
	December 2014 Survey	November 2013 Survey	December 2014 Survey	November 2013 Survey
Increase 8 percent or more	8.7	7.6	12.1	5.8
Increase 2 to 8 percent	51.1	60.6	46.5	53.5
Stay within 2 percent of current levels	32.3	27.5	35.2	37.1
Decrease 2 to 8 percent	5.5	3.6	5.3	2.6
Decrease 8 percent or more	2.4	0.6	1.0	1.0

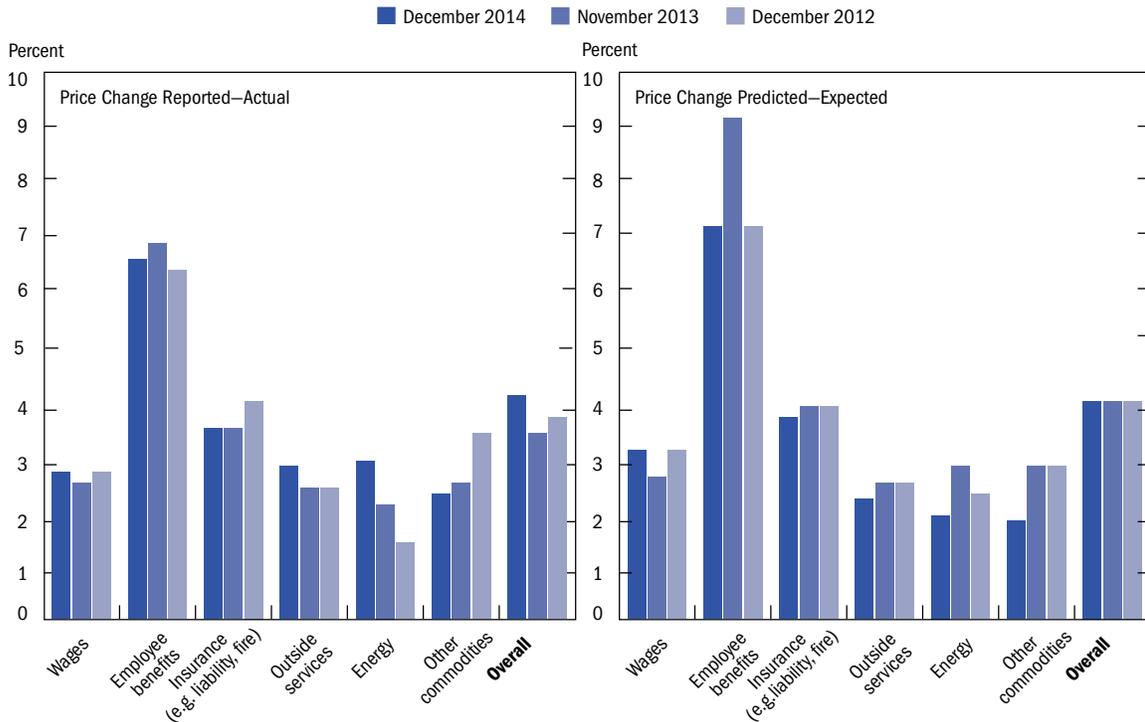
\*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values reported in this table reflect the average indicated percentage chance across all respondents.

# Supplemental Survey Report, *continued*

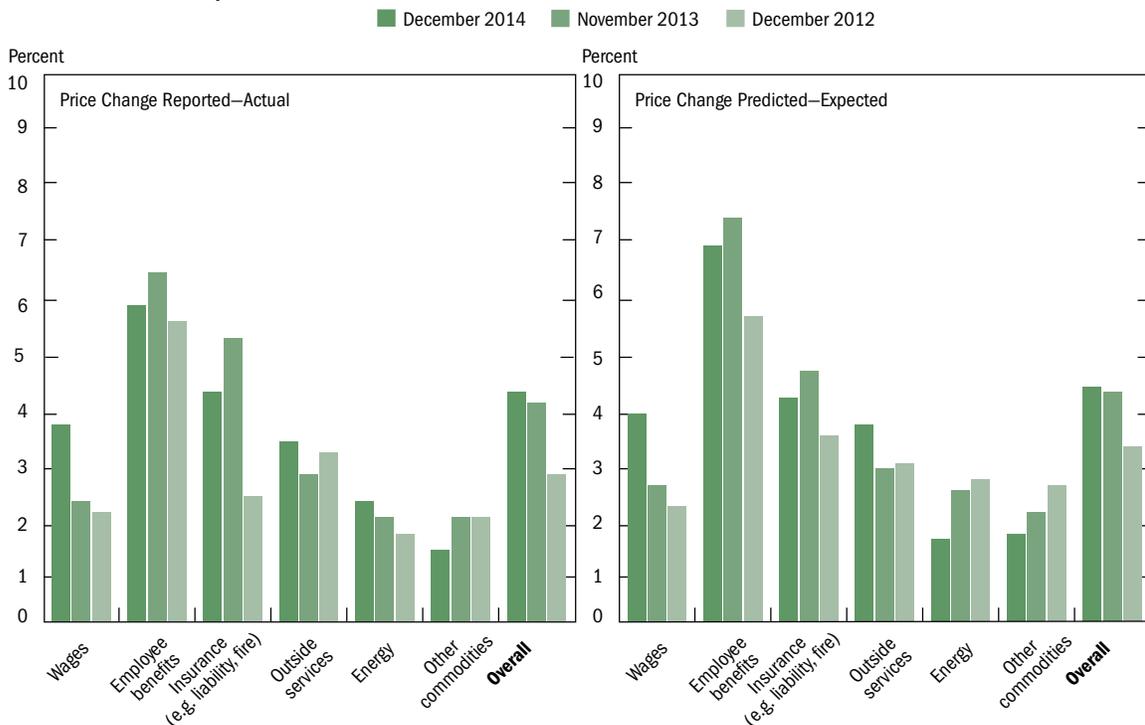
## HISTORICAL OVERVIEW FOR QUESTION 1

For each of the following budget categories, please indicate the approximate percentage change in the price you paid in 2014 and the expected percentage change in the price in 2015:

Empire State Manufacturing Survey



Business Leaders Survey



# Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 3

Please estimate the percentage change in your firm's *selling prices* over the next year.

