

Supplemental Survey Report

Strengthening Dollar Having Mixed Effects on Business

Supplementary questions to the January *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on the effects of foreign exchange rates on business and on foreign sales more broadly. A series of almost identical questions was asked in February 2007, and similar questions were asked in February 2006.

In the current survey, manufacturers indicated that in 2014, about 14 percent of revenues, on average, came from exports; among service firms, 8 percent of revenues, on average, were from foreign customers. Eighty percent of manufacturers and roughly half of service firms reported that at least some revenues came from abroad.

Respondents were also asked how exchange rate fluctuations—that is, the strengthening dollar—have affected various aspects of their business. A majority of respondents in both surveys indicated no effects. As would be expected, those reporting some effects tended to indicate favorable effects on input prices, on balance, but unfavorable effects on foreign sales and the prices they charge. Interestingly, among both manufacturers and service firms, more respondents said the stronger dollar was helping than hurting their domestic sales. When asked about the bottom line, respondents generally said that the recent dollar appreciation was having little overall net effect on their profits thus far; however, it is expected to provide a net boost to profits, on balance, in 2015.

Asked which currencies' exchange rates (against the dollar) had the largest effect on their overall sales, manufacturers ranked the Canadian dollar highest, followed by the euro, and then the Chinese yuan. Service-sector respondents ranked the euro highest, followed closely by the Canadian dollar and the Chinese yuan. Finally, businesses were asked if they planned on devoting more or fewer resources to selling and marketing abroad (to specific parts of the world): results were mixed, though manufacturers expressed considerably less enthusiasm about expanding efforts in Europe than they did in 2007. ■

Supplemental Survey Report, *continued*

QUESTION 1
Approximately what percentage of your overall revenues came from exports/foreign customers over the past year?

Percentage of Revenues	Empire State Manufacturing Survey			Business Leaders Survey		
	Percentage of Respondents			Percentage of Respondents		
	January 2015 Survey	February 2007 Survey	February 2006 Survey	January 2015 Survey	February 2007 Survey	February 2006 Survey
None	20	23	20	48	51	74
1 to 4	17	15	18	15	16	10
5 to 9	20	21	19	8	8	4
10 to 19	16	21	25	15	15	7
20 or more	27	21	18	14	10	5
Average percentage of revenues from foreign customers	14.3	12.2	12.4	7.9	6.9	3.7

QUESTION 2
How favorable or unfavorable an effect has the change in dollar exchange rates over the past year had on each of the following components of your business?

	January 2015 Survey			February 2007 Survey		
	Percentage of Firms			Percentage of Firms		
	Unfavorable	No Effect	Favorable	Unfavorable	No Effect	Favorable
Empire State Manufacturing Survey						
Prices you pay for materials/inputs	6.5	71.7	21.7	44.9	48.3	6.7
Prices you are able to charge	14.1	80.4	5.4	19.1	66.3	14.6
Your sales to foreign customers	20.9	70.3	8.8	7.0	66.3	26.7
Your domestic sales	4.3	85.9	9.8	15.9	81.8	2.3
Overall net effect on your profits in 2014	11.1	75.6	13.3	31.8	47.7	20.5
Expected net effect on your profits in 2015	13.2	62.6	24.2	—	—	—
Business Leaders Survey						
Prices you pay for materials/inputs	7.7	75.4	16.9	33.3	65.0	1.7
Prices you are able to charge	10.9	86.0	3.1	13.6	83.1	3.4
Your sales to foreign customers	12.5	82.0	5.5	10.2	79.7	10.2
Your domestic sales	1.6	91.4	7.0	8.3	86.7	5.0
Overall net effect on your profits in 2014	8.4	84.7	6.9	25.0	66.7	8.3
Expected net effect on your profits in 2015	6.3	77.3	16.4	—	—	—

Supplemental Survey Report, *continued*

QUESTION 3

Compared with the currencies that most affect your business, would you say that the dollar has gotten stronger, weaker, or stayed about the same over the past year?

	January 2015 Survey					February 2007 Survey				
	Percentage of Respondents					Percentage of Respondents				
	Weaker	←————→			Stronger	Weaker	←————→			Stronger
Empire State Manufacturing Survey	0.0	5.5	36.3	50.5	7.7	6.9	47.1	37.9	8.0	0.0
Business Leaders Survey	0.0	2.3	45.8	39.7	12.2	10.3	37.9	48.3	3.4	0.0

QUESTION 4

To what extent would a significant change in exchange rates against each of these currencies affect your overall sales (domestic and foreign combined), if at all?

	January 2015 Survey					January 2015 Survey	February 2007 Survey	February 2006 Survey
	Percentage of Respondents					Percentage of Respondents		
	No Effect	←————→			Large Effect	Large Effect (Column 4 + Column 5)		
Empire State Manufacturing Survey								
Canadian dollar	24.2	13.2	28.6	28.6	5.5	34.1	13.5	18.6
Euro	25.0	10.9	39.1	21.7	3.3	25.0	12.5	34.0
Japanese yen	44.0	12.1	33.0	9.9	1.1	11.0	5.7	10.6
Chinese yuan	38.5	6.6	36.3	14.3	4.4	18.7	21.6	28.4
Mexican peso	43.7	10.3	35.6	9.2	1.1	10.3	10.2	13.8
Business Leaders Survey								
Canadian dollar	44.5	11.7	26.6	14.1	3.1	17.2	5.2	10.1
Euro	40.9	11.0	29.9	13.4	4.7	18.1	10.3	10.1
Japanese yen	53.5	7.1	35.4	3.1	0.8	3.9	5.2	2.9
Chinese yuan	52.4	9.5	27.0	7.9	3.2	11.1	8.6	12.7
Mexican peso	57.5	7.9	30.7	3.9	0.0	3.9	3.4	7.1

Supplemental Survey Report, *continued*

QUESTION 5

Do you plan to devote more or fewer resources to selling/marketing in each of these areas of the world in 2015 than you did in 2014?

	January 2015 Survey					January 2015 Survey	February 2007 Survey	February 2006 Survey
	Percentage of Respondents					Percentage of Respondents		
	Fewer Resources	↔			More Resources	More Resources (Column 4 + Column 5)		
Empire State Manufacturing Survey								
Canada	8.0	5.7	64.8	20.5	1.1	21.6	26.2	17.7
Latin America	15.7	5.6	66.3	10.1	2.2	12.4	15.7	13.8
Europe	13.6	3.4	62.5	17.0	3.4	20.5	33.7	26.6
Asia	13.6	8.0	56.8	14.8	6.8	21.6	28.9	35.1
Overall [abroad]	10.2	3.4	55.7	29.5	1.1	30.7	36.9	36.2
Business Leaders Survey								
Canada	11.3	6.5	68.5	9.7	4.0	13.7	14.5	13.8
Latin America	14.6	5.7	68.3	8.9	2.4	11.4	12.5	20.7
Europe	12.3	4.9	66.4	13.1	3.3	16.4	17.9	26.3
Asia	13.1	1.6	68.0	13.1	4.1	17.2	29.1	33.9
Overall [abroad]	13.0	2.4	62.6	18.7	3.3	22.0	30.4	30.4