

## Empire State Manufacturing Survey: Supplemental Report

May 2008

For release May 15, 2008

### Firms See Price Pressures Continuing in Next Twelve Months

Supplementary questions in the May 2008 *Empire State Manufacturing Survey* focused on past and expected changes in both the prices firms pay for inputs and the prices they charge their customers. Some of the same questions were previously asked in surveys conducted in September and December of 2007.

Respondents estimated that the prices they paid for inputs had risen by 8.7 percent, on average, over the past twelve months; the median increase was 7.0 percent. These figures were about 2 percentage points higher than those reported in the December 2007 survey. Looking ahead to the next twelve months, respondents expected a somewhat less pronounced price hike of 6.8 percent, on average, and a median rise of 5.0 percent—increases that were similar to those anticipated in the December survey. In the current survey, respondents estimated a 30 percent chance, on average, that prices would rise 8 percent or more, and a less than 20 percent chance that prices would stay within 2 percent of current levels or decline.

In assessing changes in their selling prices, firms reported average and median price increases of roughly 3 percent over the past twelve months. Looking ahead to the next twelve months, firms predicted a larger increase in selling prices—4.1 percent, on average—although the median expected increase remained at 3 percent. These increases were roughly 1 to 3 percentage points higher than those reported in the September 2007 survey. The probability that selling prices would rise by more than 8 percent in the year ahead was reported to be roughly 12 percent, on average. At the other extreme, the average respondent reported a nearly 40 percent chance that prices would stay within 2 percent of current levels or decline.

1) By what percentage have the prices you pay, on average, changed over the past twelve months?

	Percentage Change	
	May 2008	December 2007
Average change	8.7	6.5
Median change	7.0	5.0

2) By what percentage do you expect the prices you pay, on average, to change over the next twelve months?

	Percentage Change	
	May 2008	December 2007
Average change	6.8	6.5
Median change	5.0	5.0

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

	Average Percentage Chance of Specified Price Change*
	May 2008
Increase 8 percent or more	30.2
Increase 2-8 percent	51.2
Stay within 2 percent of current levels	13.3
Decrease 2-8 percent	4.3
Decrease by 8 percent or more	0.9

4) By what percentage have your selling prices, on average, changed over the past twelve months?

	Percentage Change	
	May 2008	September 2007
Average change	2.9	2.0
Median change	3.0	1.0

5) By what percentage do you expect your selling prices, on average, to change over the next twelve months?

	Percentage Change	
	May 2008	September 2007
Average change	4.1	1.7
Median change	3.0	2.0

6) 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*
	May 2008
Increase 8 percent or more	11.6
Increase 2-8 percent	49.8
Stay within 2 percent of current levels	31.4
Decrease 2-8 percent	5.6
Decrease 8 percent or more	1.6

\*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values reported for questions 3 and 6 reflect the average indicated percentage chance across all respondents.