

## Empire State Manufacturing Survey: Supplemental Report

April 2009

For release April 15, 2009

### Firms Attribute Business Slump More to Weak Economy than Tight Credit

Supplementary questions in the April 2009 *Empire State Manufacturing Survey* focused on recent declines in business and the factors underlying them. These questions had not been asked previously.

In the current survey, nearly 80 percent of respondents indicated that their sales had fallen below levels in “normal” times, with 62 percent noting declines of at least 10 percent. When asked which factors had been adversely affecting customers’ demand for their products, 82 percent of respondents checked off weak economic conditions and 64 percent cited uncertainty about future conditions; just 38 percent cited credit constraints on customers as a factor.

Manufacturers were also asked about the extent to which their businesses were having difficulty securing financing. Only 27 percent of respondents reported difficulty obtaining financing for long-term uses such as capital projects; just 20 percent reported difficulty obtaining financing for operating expenses such as paying workers. Moreover, in both cases, only 7 percent of those surveyed described the difficulty they were experiencing as “substantial” or “extreme.” Roughly half of the respondents indicated that internal funds had been adequate in both cases—for long-term and short-term needs. Finally, slightly more than 30 percent of respondents said that their suppliers had reported difficulty obtaining credit.

1) Have your sales fallen relative to what they would be in “normal” times? And if so, by how much?

	Percentage of Respondents
No	21.3
Yes	78.7
By less than 10 percent	14.6
By 10 to 25 percent	38.2
By more than 25 percent	23.6

2) What factors are currently damping your customers’ (or your potential customers’) demand for your products or services? (Multiple responses are allowed.)

	Percentage of Respondents
Weak current economic conditions	82.0
Uncertainty about future economic conditions	64.0
Tight credit*	38.2

\*Customers finding credit difficult or unusually expensive to obtain.

2a) If tight credit, by about how much has this factor alone lowered sales relative to “normal” times?

	Percentage of Respondents
By less than 10 percent	13.5
By 10 to 25 percent	16.9
By more than 25 percent	6.7

(Continued)

## Empire State Manufacturing Survey: Supplemental Report

April 2009

For release April 15, 2009

### Firms Attribute Business Slump More to Weak Economy than Tight Credit (Continued)

3) To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?

	Percentage of Respondents
No difficulty	<b>73.3</b>
Internal funds are adequate	48.3
External funds are adequate	38.2
Some difficulty	<b>19.8</b>
Substantial difficulty	<b>2.3</b>
Extreme difficulty	<b>4.7</b>

4) To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of materials and supplies?

	Percentage of Respondents
No difficulty	<b>80.0</b>
Internal funds are adequate	52.8
External funds are adequate	32.6
Some difficulty	<b>12.9</b>
Substantial difficulty	<b>4.7</b>
Extreme difficulty	<b>2.4</b>

5) Have the identified problems obtaining credit either for capital expenditures or for short-term needs reduced your firm's production and/or sales?

	Percentage of Respondents
No	<b>91.5</b>
Yes	<b>8.5</b>
By less than 10 percent	2.4
By 10 to 25 percent	3.7
By more than 25 percent	2.4

6) Have your suppliers been reporting difficulty obtaining credit?

	Percentage of Respondents
No	<b>69.4</b>
Yes	<b>30.6</b>