

## Supplemental Report:

# Manufacturers Report Little Change in Borrowing Needs or Credit Availability

Supplementary questions in the October 2010 *Empire State Manufacturing Survey* focused on recent changes in firms' borrowing needs, perceived changes in credit availability, and the causes and effects of such changes. Parallel questions had previously been asked in March 2010, October 2009, and earlier months.

As in the March survey, most of the respondents reported steady borrowing needs—both over the past year and over the past three months. In the current survey, 24 percent said that their borrowing needs had moderated in the past year, while 17 percent said that their needs had grown. In assessing changes over the past three months, 80 percent of respondents indicated no change in borrowing needs; 11 percent reported an increase, while 9 percent reported a decrease since July.

Those respondents reporting increased borrowing needs since July most commonly attributed the increase to late payment of bills by customers, followed by higher nonlabor costs and declines in business revenues. Those reporting reduced borrowing needs most commonly gave as the reason more timely payment of bills by customers, followed by increased business revenues and management of existing debts.

In response to questions on changes in credit availability, 15 percent of firms reported some tightening over the past year—down noticeably from 24 percent of firms in the March survey and 39 percent in last October's survey—while just 12 percent noted some easing, about the same percentage as in earlier surveys. Answering a related question about changes in credit availability over the past three

months, 14 percent of respondents noted tighter credit standards and just 5 percent noted easier credit. When those firms reporting tighter credit were asked to identify its effects on their behavior, respondents mentioned a number of effects, but delay in paying vendors and suppliers was cited a little more often than the others.

Most firms also reported little change in borrowing costs over the past three months: 77 percent of respondents reported no change, while the remaining respondents were evenly split between higher and lower costs. When asked about recent changes in limits (ceilings) on existing lines of credit, 82 percent of respondents reported no change, 10 percent reported lower ceilings, and 8 percent reported higher ceilings. ■

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## Supplemental Report, *continued*

### QUESTION 1

How do your current borrowing needs compare with those one year earlier? three months earlier?

	October 2010 Survey			March 2010 Survey		
	Percentage of Firms Responding . . .			Percentage of Firms Responding . . .		
	Lower Now	Same	Higher Now	Lower Now	Same	Higher Now
One year earlier	24.1	58.6	17.2	27.8	55.7	16.5
Three months earlier	8.8	80.7	10.5	19.2	65.4	15.4

### QUESTION 2

How has credit availability changed over the past twelve months? past three months?

	October 2010 Survey			March 2010 Survey		
	Percentage of Firms Responding . . .			Percentage of Firms Responding . . .		
	Easier	Same	Tighter	Easier	Same	Tighter
Over the past twelve months	11.9	72.9	15.3	11.4	64.6	24.1
Over the past three months	5.1	81.4	13.6	12.7	70.9	16.5

### QUESTION 3

In your experience, how have banks' requirements to extend business loans and/or credit lines changed over the past three months?

	October 2010	March 2010	October 2009	March 2009
	Percentage of Firms Responding . . .			
Much easier now	0.0	1.3	0.0	0.0
Somewhat easier now	6.7	8.0	8.2	0.0
Same	75.0	61.3	65.8	53.0
Somewhat tighter now	13.3	17.3	19.2	20.5
Much tighter now	5.0	12.0	6.8	26.5

### QUESTION 4

Also in your experience, how has the cost of borrowing funds changed over the past three months?

	October 2010	March 2010	October 2009	March 2009
	Percentage of Firms Responding . . .			
Much lower now	0.0	0.0	1.3	1.2
Lower now	11.7	5.3	10.7	19.3
Same	76.7	66.7	54.7	34.9
Higher now	10.0	25.3	30.7	30.1
Much higher now	1.7	2.7	2.7	14.5

### QUESTION 5

Again in your experience, how have the limits (ceilings) on existing business lines of credit changed over the past three months? Credit limits have become:

	October 2010	March 2010	October 2009	March 2009
	Percentage of Firms Responding . . .			
Much lower now	3.3	3.9	5.3	7.2
Lower now	6.7	13.2	13.3	10.8
Same	81.7	72.4	70.7	69.9
Higher now	8.3	5.3	9.3	7.2
Much higher now	0.0	1.3	1.3	4.8