

Empire State Manufacturing Survey

The *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers worsened for a fourth consecutive month in September. The general business conditions index inched down one point, to -8.8. The new orders index held steady at -8.0, while the shipments index dropped sixteen points to -12.9. The inventories index, negative for a third month in a row, fell to -12.0—a sign that inventories continued to decline. After dropping significantly over the summer, the indexes for both prices paid and prices received climbed several points, suggesting that the pace of price increases

picked up. Employment indexes were below zero, indicating that employment levels and hours worked fell over the month. Indexes for the six-month outlook were somewhat better than last month and generally suggested that business activity was expected to improve in the months ahead, but optimism remained well below its levels of earlier this year.

In a series of supplementary questions, manufacturers were asked about past and expected changes in their selling prices; parallel questions had been asked in September 2010 and in earlier

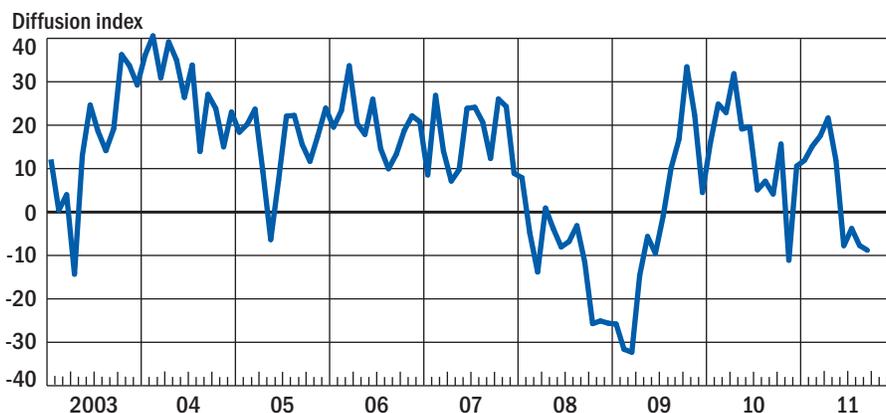
years. Respondents to the current survey reported that their selling prices had risen by 1.4 percent, on average, during the past twelve months and were expected to rise by an average of 1.0 percent over the next year. In last September's survey, selling prices were expected to increase by 1.8 percent.

Business Activity Worsens for a Fourth Month

Business conditions continued to worsen at a modest pace for New York manufacturers in September. The general business conditions index, negative for a fourth consecutive month, edged down a point to -8.8. Nineteen percent of respondents said that conditions had improved in September, while 28 percent said that conditions had deteriorated. The new orders index was also negative for a fourth consecutive month, and remained steady at -8.0. The shipments index fell sixteen points to -12.9, and the unfilled orders index remained below zero at -7.6. The delivery time index was little changed at -1.1. The inventories index dropped four points to -12.0, suggesting that inventory levels declined.

General Business Conditions

Seasonally adjusted



Continued from page 1

Employment Falls

The indexes for both prices paid and prices received moved up in September after retreating sharply over the prior three months—evidence that price increases picked up their pace. After falling more than forty points between May and August, the prices paid index rose four points to 32.6. The prices received index rose seven points, to 8.7. Employment indexes were negative, indicating that both employment levels and hours worked fell. The index for number of employees declined nine points to

-5.4, and the average workweek index held steady at -2.2.

Six-Month Outlook Positive, But Level of Optimism Low

Future indexes were generally positive, suggesting that respondents expect business activity to improve in the months ahead, but optimism was well below levels observed earlier this year. The future general business conditions index advanced four points to 13.0, a low level by historical standards but still an indication that conditions are expected to improve.

The future new orders and shipments indexes rose to similar levels. The future prices paid index climbed eleven points to 53.3, and the future prices received index rose eight points to 22.8. The index for expected number of employees fell to zero, and the future average workweek fell to -6.5—both signs that employment is not expected to rise in coming months. The capital expenditures index was little changed at 9.8, and the technology spending index rose five points to 7.6. ■

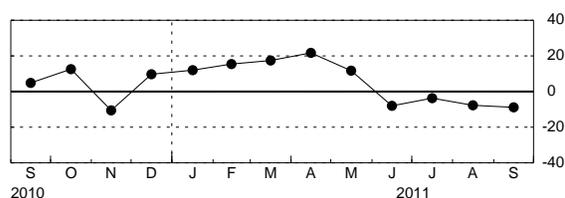
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	25.11	42.05	32.83	-7.72
Sep	19.38	52.41	28.21	-8.82

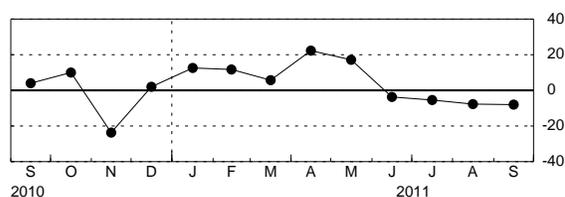
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	29.05	34.09	36.87	-7.82
Sep	19.61	52.78	27.61	-8.00

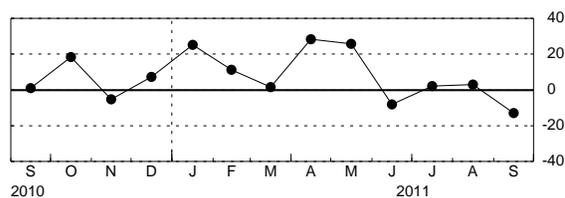
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	31.13	40.75	28.12	3.01
Sep	20.34	46.44	33.22	-12.88

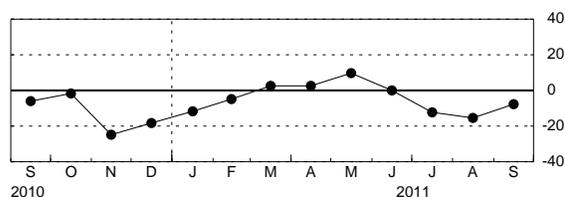
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	10.87	63.04	26.09	-15.22
Sep	16.30	59.78	23.91	-7.61

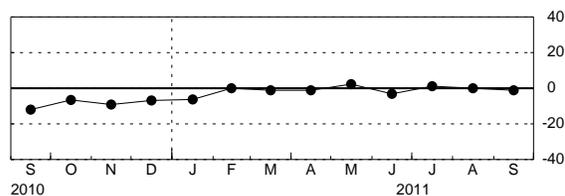
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	11.96	76.09	11.96	0.00
Sep	8.70	81.52	9.78	-1.09

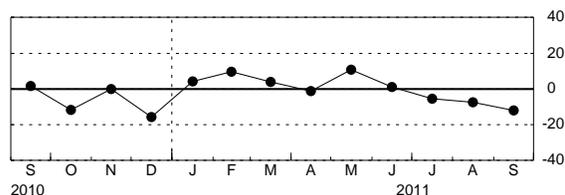
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	22.83	46.74	30.43	-7.61
Sep	20.65	46.74	32.61	-11.96

Inventories - Diffusion Index



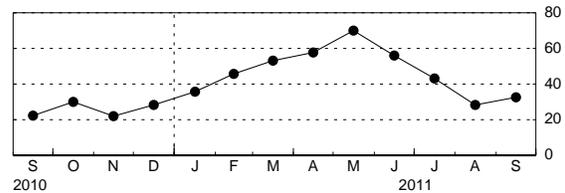
Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	34.78	58.70	6.52	28.26
Sep	34.78	63.04	2.17	32.61

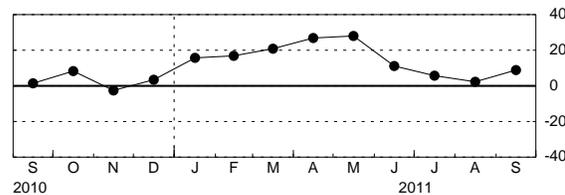
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	15.22	71.74	13.04	2.17
Sep	17.39	73.91	8.70	8.70

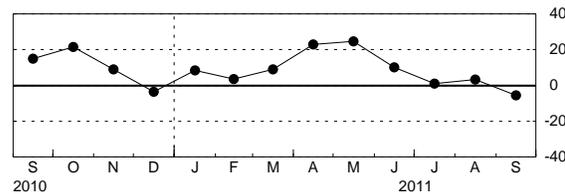
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	20.65	61.96	17.39	3.26
Sep	13.04	68.48	18.48	-5.43

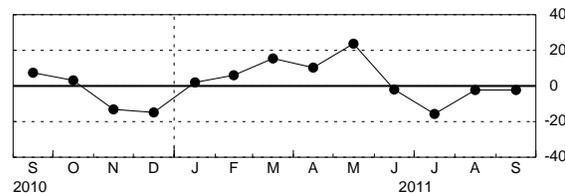
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	14.13	69.57	16.30	-2.17
Sep	14.13	69.57	16.30	-2.17

Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

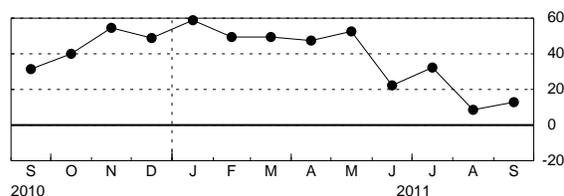
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	31.52	45.65	22.83	8.70
Sep	36.96	39.13	23.91	13.04

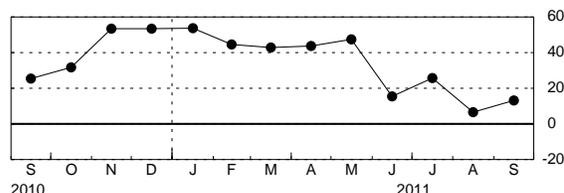
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	31.52	43.48	25.00	6.52
Sep	33.70	45.65	20.65	13.04

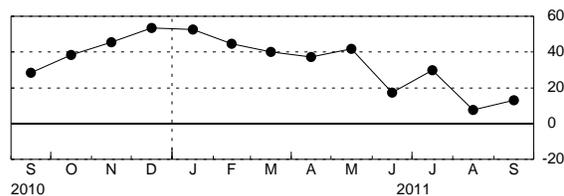
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	32.61	42.39	25.00	7.61
Sep	33.70	45.65	20.65	13.04

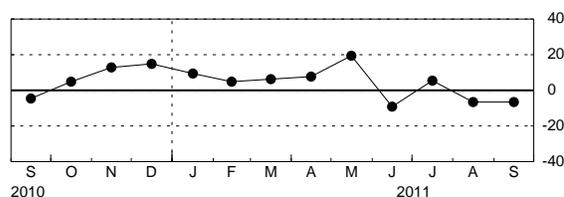
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	8.70	76.09	15.22	-6.52
Sep	14.13	65.22	20.65	-6.52

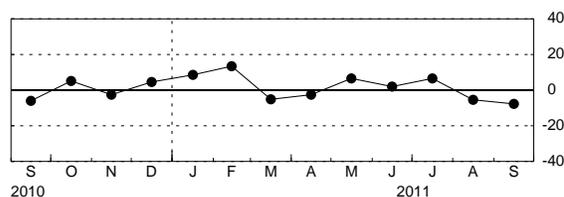
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	8.70	77.17	14.13	-5.43
Sep	5.43	81.52	13.04	-7.61

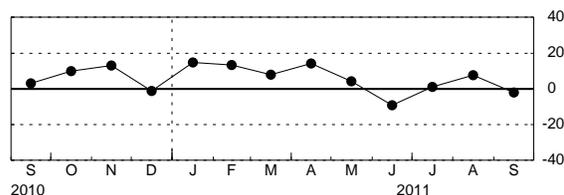
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	31.52	44.57	23.91	7.61
Sep	23.91	50.00	26.09	-2.17

Inventories - Diffusion Index



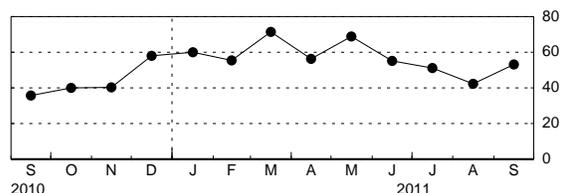
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	46.74	48.91	4.35	42.39
Sep	54.35	44.57	1.09	53.26

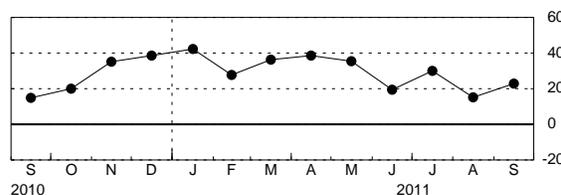
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	23.91	67.39	8.70	15.22
Sep	33.70	55.43	10.87	22.83

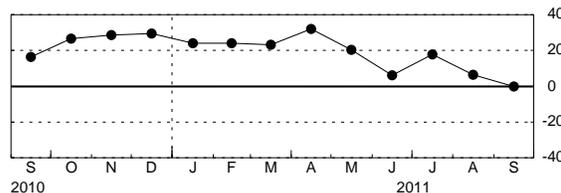
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	29.35	47.83	22.83	6.52
Sep	23.91	52.17	23.91	0.00

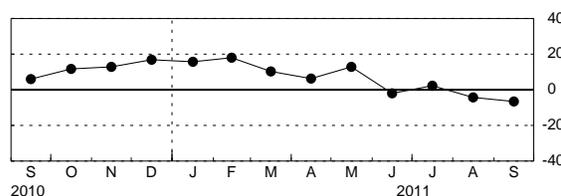
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	8.70	78.26	13.04	-4.35
Sep	13.04	67.39	19.57	-6.52

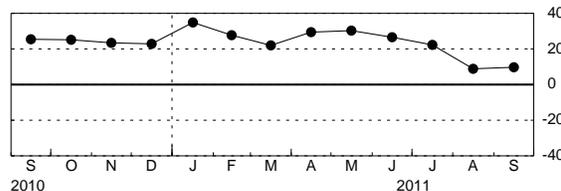
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	27.17	54.35	18.48	8.70
Sep	25.00	59.78	15.22	9.78

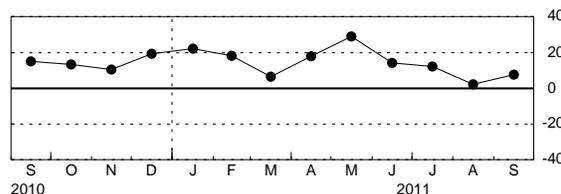
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	17.39	67.39	15.22	2.17
Sep	19.57	68.48	11.96	7.61

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.

Supplemental Report:

Firms Anticipate Modest Increases in Selling Prices

In a series of supplementary questions to the September *Empire State Manufacturing Survey*, manufacturers were asked how much their overall selling prices had changed over the past year and how much they expected their prices to rise or fall in the future. In addition, they were asked to assess the probability that prices would rise or fall by certain specified amounts. Identical questions had been asked in surveys conducted in September 2010 and earlier.

Respondents reported that their selling prices had risen by 1.4 percent, on average, during the past twelve months (see table). In last September's parallel survey, the average respondent indicated that prices had remained virtually unchanged. Looking ahead to the next twelve months, the average respondent predicted a 1.0 percent rise in selling prices—a bit less than the 1.8 percent increase projected

in last year's survey. Slightly more than half of all respondents plan to hike prices by at least 2 percent, while 13 percent expect to lower prices; both of these proportions are somewhat higher than in last year's survey.

When asked a separate question about the probability of specified price changes over the next twelve months, the average respondent reported a 44 percent chance that prices would remain within 2 percent of current levels, and a 43 percent chance that they would rise by 2 percent or more, but just a 5 percent chance that they would rise by at least 8 percent. The chances of a decline of 2 percent or more were pegged at 13 percent, on average. These results are very similar to those in the September 2010 and September 2009 surveys, but the price rises expected are considerably smaller than those anticipated in the 2008 and earlier surveys. ■

Continued

Supplemental Report, *continued*

QUESTION 1

By how much have your selling prices changed, on average, over the *past year*?

	September 2011	September 2010	September 2009	September 2008
Average percentage change	1.4	-0.1	-2.1	4.8
Median percentage change	2.0	0.0	0.0	4.0

QUESTION 2

By how much do you expect your selling prices to change, on average, over the *next year*?

	September 2011	September 2010	September 2009	September 2008
Average percentage change	1.0	1.8	1.9	3.6
Median percentage change	2.0	1.0	0.0	3.3

QUESTION 3

What would you say is the percentage chance that, over the next six months, your selling prices will:

	Percentage Chance of Specified Price Change*			
	September 2011	September 2010	September 2009	September 2008
Decrease 8 percent or more	4.0	1.5	2.5	0.9
Decrease 2 to 8 percent	9.0	9.1	9.2	6.2
Stay within 2 percent of where they are now	43.7	45.7	49.3	24.8
Increase 2 to 8 percent	38.0	35.6	29.1	50.3
Increase 8 to 15 percent	4.6	4.9	6.0	14.7
Increase 15 percent or more	0.7	3.1	3.8	3.0

*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values shown for question 3 reflect the average indicated percentage chance across all respondents.