

Supplemental Report:

Firms Expect Moderate Increases in Input and Selling Prices

The supplementary questions in the May 2012 *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 had previously been asked in surveys conducted in May 2011 and earlier.

Respondents estimated that the prices they paid for inputs rose 3.6 percent, on average, over the past twelve months—down substantially from 8.1 percent in last May’s survey. The *median* increase reported in the current survey was 3.0 percent, down from 5.0 percent. The average and median increases anticipated for the next twelve months were virtually identical: 3.5 percent and 3.0 percent, respectively. Both measures were 2 percentage points lower than the corresponding expectations in last May’s survey.

In response to a question about the perceived probabilities of various price scenarios, firms in the current survey estimated a 9 percent chance, on average, that prices paid would rise by 8 percent or more, and a 64 percent chance that prices paid would rise by at least 2 percent. These probabilities are considerably lower than those cited in last May’s survey but not all that different from those reported in the May 2010 survey. Respondents in the current survey, on average, indicated a 5 percent chance that prices would decline by more than 2 percent—a slightly higher probability than in last year’s survey. The likelihood that prices would remain relatively steady (within 2 percent of current levels) was seen to be about 30 percent.

In assessing past changes in their selling prices, firms reported an average price increase of 1.7 percent and a median increase

of 2.0 percent—both about the same as in last May’s survey. Looking ahead to the next twelve months, firms predicted a 2.1 percent average increase and a 3.0 percent median increase—down from 3.6 percent and 4.0 percent, respectively, in last year’s survey. Respondents, on average, saw a less than 5 percent chance that they would raise their selling prices by 8 percent or more but a 48 percent chance that they would raise prices by at least 2 percent. Both probabilities are lower than estimated in last May’s survey. At the other end of the spectrum, the average respondent reported a roughly one in ten chance that selling prices would fall 2 percent or more—a somewhat higher probability than that cited in last May’s survey. ■

Supplemental Report, *continued*

QUESTION 1

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

	Percentage Change			
	May 2012	May 2011	May 2010	May 2009
Average change	3.6	8.1	5.9	0.1
Median change	3.0	5.0	3.0	2.0

QUESTION 4

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

	Percentage Change			
	May 2012	May 2011	May 2010	May 2009
Average change	1.7	1.9	2.9	1.2
Median change	2.0	2.0	2.0	2.0

QUESTION 2

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

	Percentage Change			
	May 2012	May 2011	May 2010	May 2009
Average change	3.5	5.6	4.6	2.2
Median change	3.0	5.0	4.0	2.0

QUESTION 5

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

	Percentage Change			
	May 2012	May 2011	May 2010	May 2009
Average change	2.1	3.6	2.9	2.6
Median change	3.0	4.0	3.0	2.0

QUESTION 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 2012	May 2011	May 2010	May 2009
Increase 8 percent or more	8.8	23.6	17.7	5.2
Increase 2 to 8 percent	55.0	56.4	45.0	32.9
Stay within 2 percent of current levels	30.7	16.4	29.7	45.0
Decrease 2 to 8 percent	4.7	2.3	4.8	14.4
Decrease 8 percent or more	0.7	1.4	2.8	2.5

QUESTION 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 2012	May 2011	May 2010	May 2009
Increase 8 percent or more	4.2	11.0	9.2	5.9
Increase 2 to 8 percent	43.8	50.3	41.9	27.1
Stay within 2 percent of current levels	42.6	32.3	37.9	45.6
Decrease 2 to 8 percent	7.5	4.4	9.5	18.4
Decrease 8 percent or more	1.8	2.0	1.5	2.9

* 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.