

# Empire State Manufacturing Survey

The November 2012 *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers declined at a modest pace. The general business conditions index was negative for a fourth consecutive month, but was little changed at -5.2. The new orders index rose above zero for the first time since June, although it was only slightly positive at 3.1. The shipments index shot up twenty-one points to 14.6, its highest level since May. The prices paid index fell three points to 14.6, indicating a modest increase in input prices, and the prices received index held steady at 5.6. Labor market conditions were noticeably weaker. The index for number of employees fell fourteen points to -14.6, a sharp drop to its lowest level since 2009,

and the average workweek index drifted down to -7.9. Indexes for the six-month outlook were mixed, with the future general business conditions index declining seven points to 12.9, while the future new orders and shipments indexes rose.

In a series of supplementary questions, firms were asked about the extent to which their businesses were affected by the “superstorm” Sandy. Among firms based in upstate New York, only 21 percent reported any loss of activity due to the storm—and in most cases, for no more than one day. However, 100 percent of firms in the New York City area reported some reduction in activity. The most widely cited factors contributing to a reduction in business activity

were loss of power and loss of communications—reported as major factors by more than 70 percent of downstate businesses.

## Business Conditions Decline Modestly

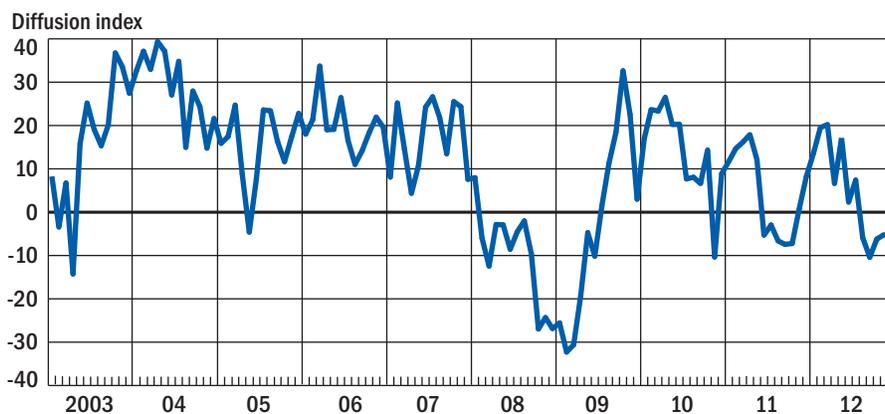
The general business conditions index was little changed in November and, at -5.2, suggested that activity for New York manufacturers continued to decline at a modest pace. Nineteen percent of respondents reported that conditions had improved over the past month, while 24 percent reported that conditions had worsened. In its first positive reading since June, the new orders index climbed twelve points to 3.1, pointing to a small increase in orders. The shipments index rose sharply to 14.6, a twenty-one point increase signaling that shipments were higher. The unfilled orders index remained negative, but rose seven points to -11.2. The delivery time index rose three points to -1.1, indicating that delivery times were little changed. The inventories index fell ten points to -12.4, a sign that inventory levels were somewhat lower.

## Labor Market Conditions Weaken

The prices paid index, falling three points to 14.6, suggested a modest

## General Business Conditions

Seasonally adjusted



Continued

*Continued from page 1*

but somewhat slower pace of growth in input prices. The prices received index was little changed at 5.6, pointing to just a slight increase in selling prices. Labor market conditions weakened noticeably. The index for number of employees fell a steep fourteen points to -14.6, its lowest level since mid-2009. The average workweek index fell four points to -7.9, indicating that average workweeks were shorter.

### **Optimism about Future Business Conditions Wanes**

Indexes for the six-month outlook were mixed. The future general business conditions index fell for a second consecutive month, and at 12.9, was at its lowest level since 2009. The future new orders index, however, rose six points to 21.4, and the future shipments index climbed nineteen points to 30.3. The future prices paid index dropped five points to 39.3, and

the future prices received index fell nine points to 15.7. Indexes for future employment suggested that firms expect employment levels and hours worked to be unchanged in the months ahead. The index for expected number of employees was -1.1, and the future average workweek index was 0.0. The capital expenditures index rose three points to 9.0, and the technology spending index inched down to 5.6. ■

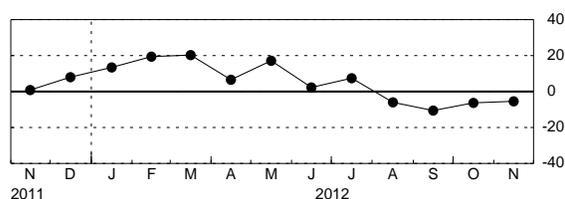
# Current Indicators

Change from Preceding Month

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	24.61	44.63	30.77	-6.16
Nov	19.11	56.56	24.33	-5.22

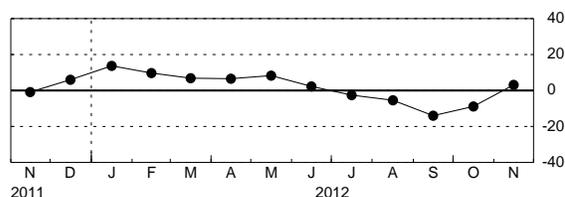
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	23.96	43.10	32.93	-8.97
Nov	29.14	44.81	26.05	3.08

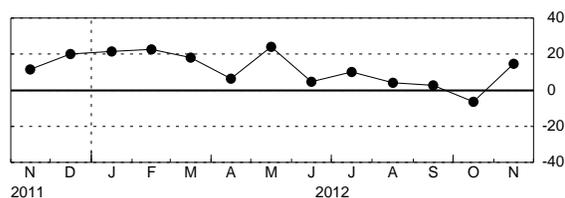
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	27.43	38.73	33.84	-6.40
Nov	30.96	52.67	16.37	14.59

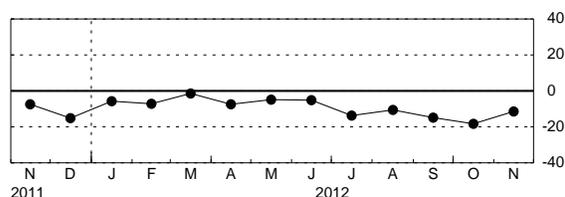
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	10.75	60.22	29.03	-18.28
Nov	10.11	68.54	21.35	-11.24

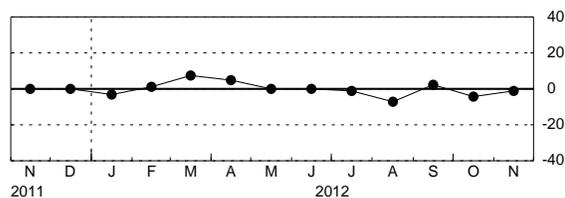
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	7.53	80.65	11.83	-4.30
Nov	12.36	74.16	13.48	-1.12

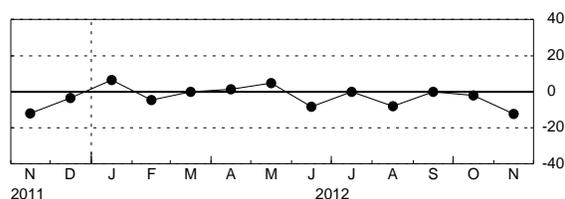
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	23.66	50.54	25.81	-2.15
Nov	16.85	53.93	29.21	-12.36

Inventories - Diffusion Index



## Current Indicators, *continued*

### Change from Preceding Month

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	23.66	69.89	6.45	17.20
Nov	17.98	78.65	3.37	14.61

#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	12.90	78.49	8.60	4.30
Nov	14.61	76.40	8.99	5.62

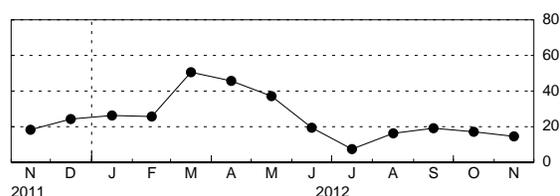
#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	16.13	66.67	17.20	-1.08
Nov	11.24	62.92	25.84	-14.61

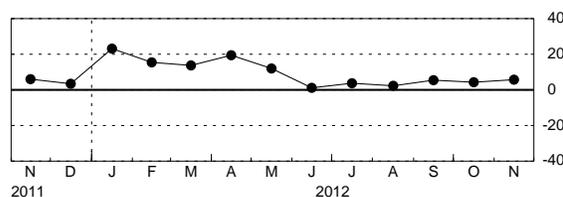
#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	12.90	69.89	17.20	-4.30
Nov	11.24	69.66	19.10	-7.87

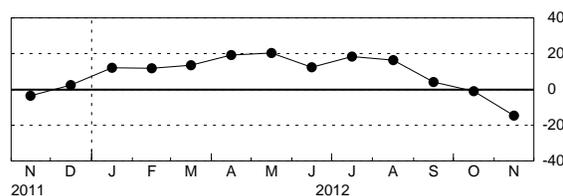
Prices Paid - Diffusion Index



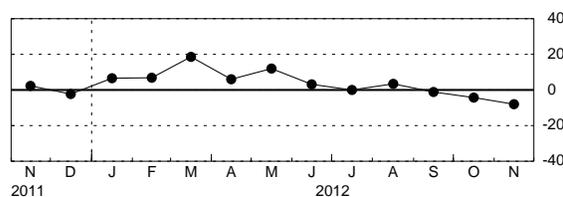
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

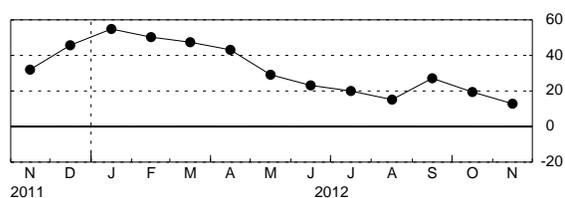
# Forward-Looking Indicators

Expectations Six Months Ahead

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	38.06	43.30	18.64	19.42
Nov	38.55	35.77	25.68	12.88

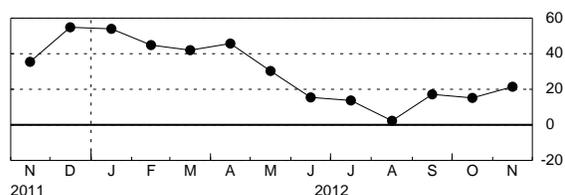
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	37.63	39.78	22.58	15.05
Nov	43.82	33.71	22.47	21.35

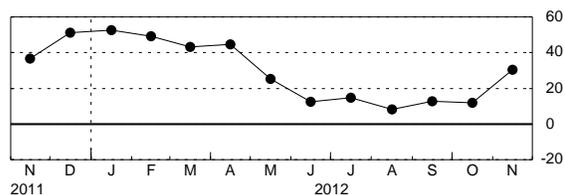
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	37.63	36.56	25.81	11.83
Nov	47.19	35.96	16.85	30.34

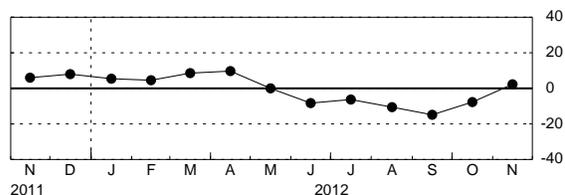
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	12.90	66.67	20.43	-7.53
Nov	16.85	68.54	14.61	2.25

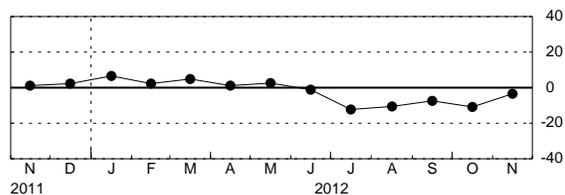
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	6.45	76.34	17.20	-10.75
Nov	8.99	78.65	12.36	-3.37

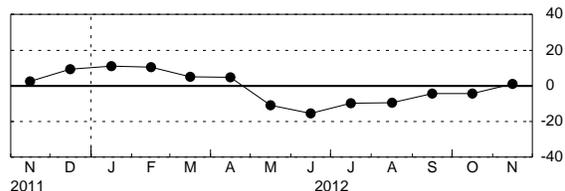
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	20.43	54.84	24.73	-4.30
Nov	24.72	51.69	23.60	1.12

Inventories - Diffusion Index



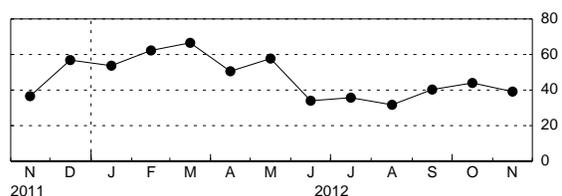
## Forward-Looking Indicators, *continued*

### Expectations Six Months Ahead

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	50.54	43.01	6.45	44.09
Nov	43.82	51.69	4.49	39.33

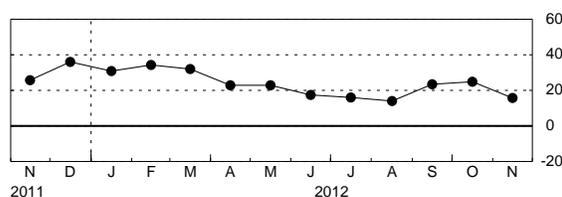
Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	34.41	55.91	9.68	24.73
Nov	32.58	50.56	16.85	15.73

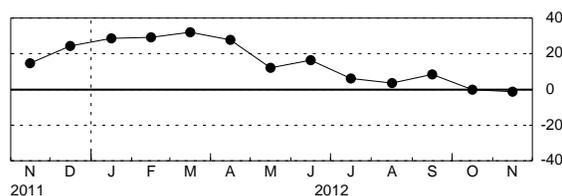
Prices Received - Diffusion Index



#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	23.66	52.69	23.66	0.00
Nov	21.35	56.18	22.47	-1.12

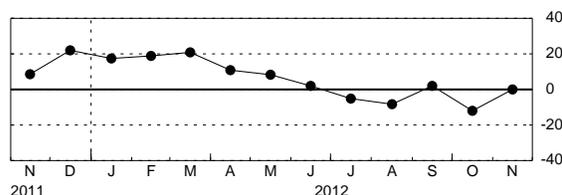
Number of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	6.45	75.27	18.28	-11.83
Nov	17.98	64.04	17.98	0.00

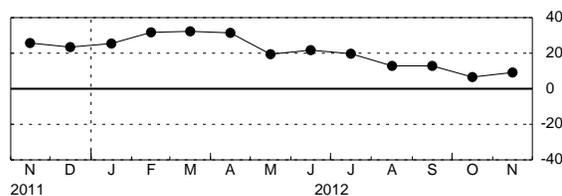
Average Employee Workweek - Diffusion Index



#### Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	27.96	50.54	21.51	6.45
Nov	28.09	52.81	19.10	8.99

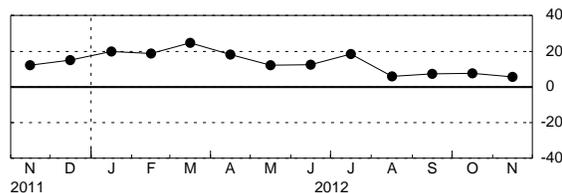
Capital Expenditures - Diffusion Index



#### Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	18.28	70.97	10.75	7.53
Nov	20.22	65.17	14.61	5.62

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.

## Supplemental Report:

# Downstate Manufacturers Report Severe Disruptions from Sandy

Supplementary questions in the November 2012 *Empire State Manufacturing Survey* focused on the extent to which firms were affected by the “superstorm” Sandy. Among firms based in upstate New York, only 21 percent reported any loss of activity due to the storm—and in most cases, for no more than one day. However, 100 percent of firms in the New York City area—which also includes Long Island and the lower Hudson Valley (up to Putnam and Orange counties)—reported some reduction in activity.

Moreover, when asked how long (if at all) their business was completely shut down or severely crippled, more than 90 percent of these downstate respondents indicated at least one day, and more than 40 percent reported this status as lasting for five days or more. Businesses in Long Island, including Brooklyn and Queens, reported the most widespread and severe effects from the storm.

In a separate query, respondents were asked to identify the major factors that contributed to a

reduction in business activity. The most widely cited problems were loss of power and loss of communications—reported as major factors by more than 70 percent of downstate businesses. Among upstate respondents, the channels through which the storm hurt business—mostly to a minor extent—were the negative effects on the firms’ customers and disruptions to their supply chains. ■

Supplemental Report, *continued*

## QUESTION 1

For how many days, if any, did your establishment experience . . .

	A Reduction in Business Activity		A Complete Shutdown (Business Severely Crippled)	
	Percentage of Respondents		Percentage of Respondents	
	NYC Area (Downstate)	Upstate New York	NYC Area (Downstate)	Upstate New York
None	0.0	79.0	8.3	93.5
One to four days	37.5	21.0	50.0	6.5
Five days or more	62.5	0.0	41.7	0.0
Average number of days	4.8	0.5	3.4	0.1
Median number of days	5.0	0.0	3.5	0.0

## QUESTION 2

To what extent did each of the following contribute to a reduction in business activity at your firm?

	NYC Area (Downstate)			Upstate New York		
	Percentage of Respondents			Percentage of Respondents		
	Not at All	Minor Extent	Major Extent	Not at All	Minor Extent	Major Extent
Facility was damaged	64.0	36.0	0.0	100.0	0.0	0.0
Loss of power	16.0	8.0	76.0	96.6	3.4	0.0
Loss of communications	8.0	20.0	72.0	87.9	12.1	0.0
Other infrastructure damage	68.0	24.0	8.0	98.3	1.7	0.0
Workers could not get to work	8.0	60.0	32.0	87.9	6.9	5.2
Supply chain disruptions	20.0	60.0	20.0	50.8	47.5	1.7
Our customers were negatively impacted	32.0	52.0	16.0	44.1	40.7	15.3