

Empire State Manufacturing Survey

The June 2013 *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers improved modestly. The general business conditions index—the most comprehensive of the survey’s measures—rose nine points to 7.8. Nevertheless, most other indicators in the survey fell. The new orders index slipped six points to -6.7, the shipments index fell twelve points to -11.8, and the unfilled orders index fell eight points to -14.5. The prices paid index held steady at 21.0, while the prices received index rose seven points to 11.3. Labor market conditions worsened, with

the index for number of employees dropping to zero and the average workweek index retreating ten points to -11.3. Continuing the trend seen in the past few months, indexes for the six-month outlook declined, suggesting that optimism about future conditions was weakening further.

In a series of supplementary survey questions, manufacturers were asked to look back and assess the short-term and medium-term effects of Superstorm Sandy on their business. As in last November’s survey (conducted immediately after the storm), the

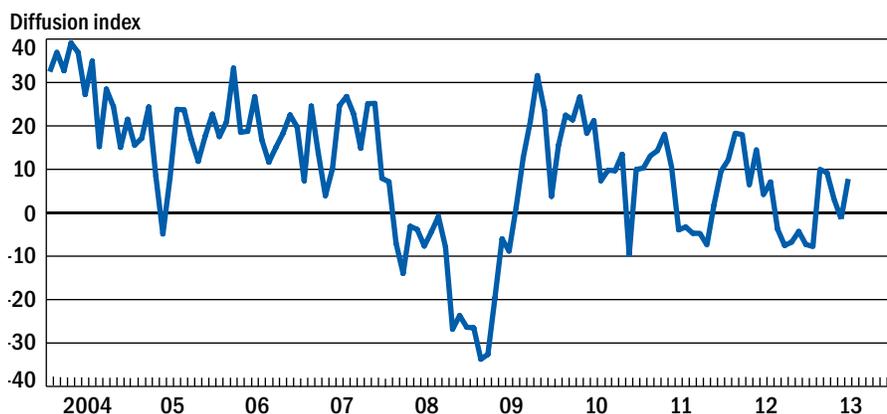
vast majority of upstate firms said that they were essentially unaffected by the storm. However, firms in New York City, Long Island, and the Lower Hudson Valley reported that it took an average of more than two weeks after the storm for business to get back to normal, and more than a third of these firms said that the storm had adversely affected their overall business revenue during the seven months since Sandy.

General Business Conditions Index Recovers Some Ground

After dipping into negative territory last month, the general business conditions index for June recovered some ground, rising nine points to 7.8—a sign that conditions had improved modestly. Roughly 29 percent reported that conditions had gotten better over the month, while 22 percent reported that conditions had worsened. However, while the general business conditions index was positive and higher than last month, many of the survey’s other indicators were negative and noticeably weaker. The new orders index fell six points to -6.7, and the shipments index fell twelve points to -11.8. The unfilled orders index dropped eight

General Business Conditions

Seasonally adjusted



Continued

Continued from page 1

points to -14.5, and the delivery time index declined three points to -6.5. The inventories index fell three points to -11.3, extending the decline in inventories to a fourth consecutive month.

Labor Market Conditions Soften

The prices paid index was little changed at 21.0, pointing to a steady level of input price increases over the month. The prices received index climbed seven points to 11.3, indicating that selling price increases had picked up. Labor market conditions were weak: the index for number of employees

fell six points to zero, indicating that employment levels were flat, and the average workweek index declined ten points to -11.3, a sign that hours worked fell modestly.

Six-Month Outlook Continues to Weaken

Hewing to the pattern of the past few months, indexes for the six-month outlook declined, suggesting that optimism about future conditions continued to wane. The future general business conditions index inched down to 25.0, the future new orders index fell nine points to 19.8, and the future

shipments index fell five points to 20.2. The future prices paid index shot up sixteen points to 45.2, indicating that input price increases were expected to accelerate, while the future prices received index rose three points to 17.7. The index for expected number of employees retreated to 1.6, and the future average workweek index declined eleven points to -9.7. The capital expenditures index fell steeply, dropping twenty points to 3.2, and the technology spending index moved into negative territory for the first time since 2009, declining fifteen points to -3.2. ■

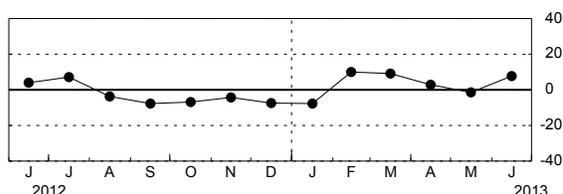
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	25.03	48.50	26.47	-1.43
Jun	29.39	49.05	21.56	7.84

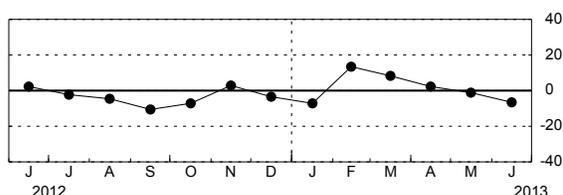
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	30.46	37.92	31.63	-1.17
Jun	23.22	46.88	29.91	-6.69

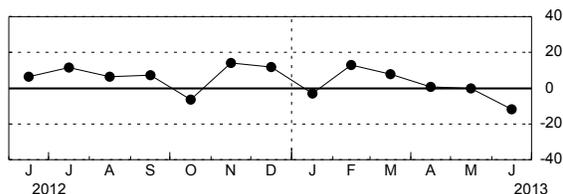
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	26.34	47.31	26.36	-0.02
Jun	22.25	43.73	34.02	-11.77

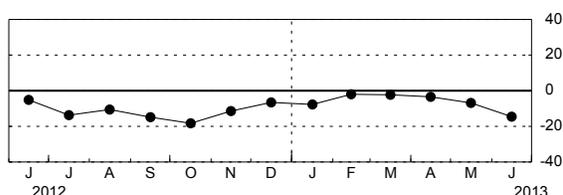
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	13.64	65.91	20.45	-6.82
Jun	9.68	66.13	24.19	-14.52

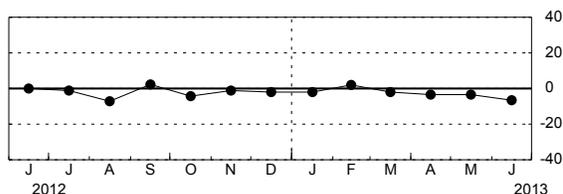
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	5.68	85.23	9.09	-3.41
Jun	4.84	83.87	11.29	-6.45

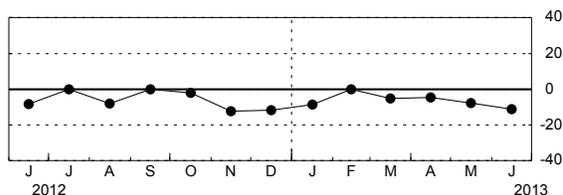
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	17.05	57.95	25.00	-7.95
Jun	14.52	59.68	25.81	-11.29

Inventories - Diffusion Index



Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	28.41	63.64	7.95	20.45
Jun	24.19	72.58	3.23	20.97

Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	15.91	72.73	11.36	4.55
Jun	22.58	66.13	11.29	11.29

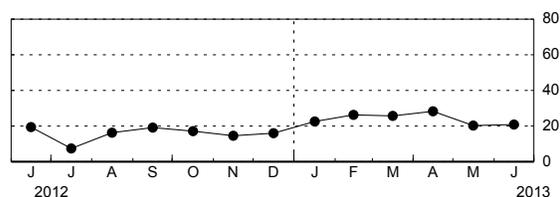
Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	17.05	71.59	11.36	5.68
Jun	9.68	80.65	9.68	0.00

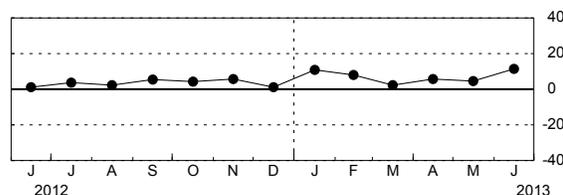
Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	14.77	69.32	15.91	-1.14
Jun	6.45	75.81	17.74	-11.29

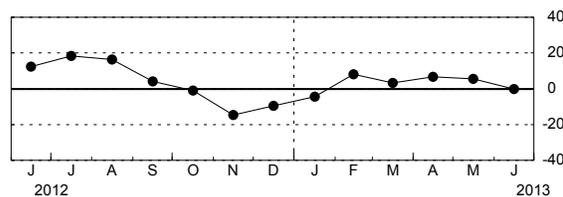
Prices Paid - Diffusion Index



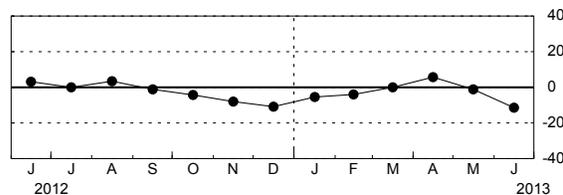
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

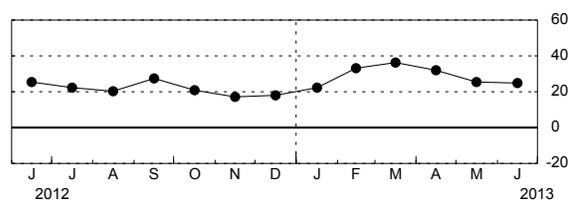
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	38.63	48.22	13.15	25.48
Jun	39.97	45.03	14.99	24.98

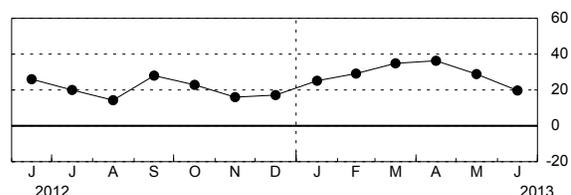
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	39.65	49.54	10.81	28.84
Jun	36.63	46.50	16.86	19.77

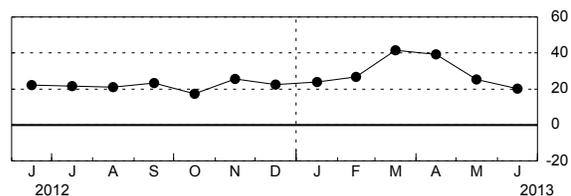
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	35.55	54.07	10.38	25.18
Jun	39.67	40.86	19.46	20.21

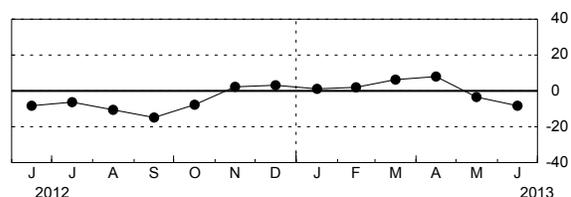
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	9.09	78.41	12.50	-3.41
Jun	9.68	72.58	17.74	-8.06

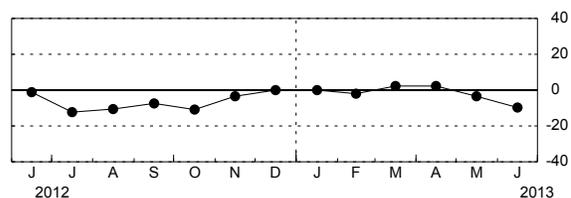
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	5.68	85.23	9.09	-3.41
Jun	3.23	83.87	12.90	-9.68

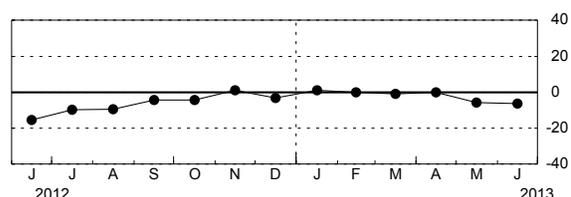
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	18.18	57.95	23.86	-5.68
Jun	19.35	54.84	25.81	-6.45

Inventories - Diffusion Index



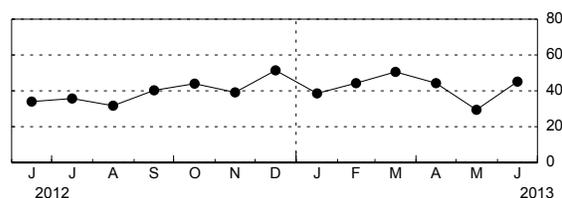
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	38.64	52.27	9.09	29.55
Jun	48.39	48.39	3.23	45.16

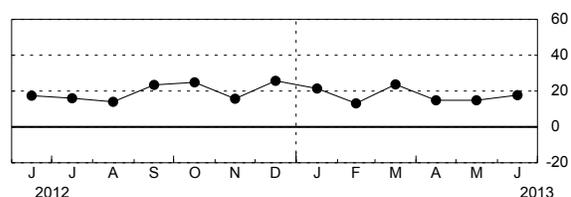
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	26.14	62.50	11.36	14.77
Jun	27.42	62.90	9.68	17.74

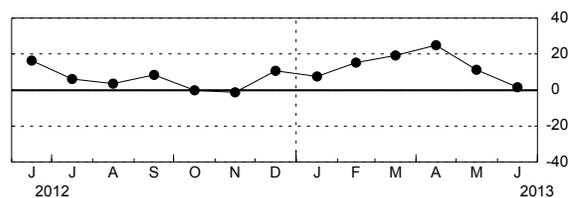
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	25.00	61.36	13.64	11.36
Jun	19.35	62.90	17.74	1.61

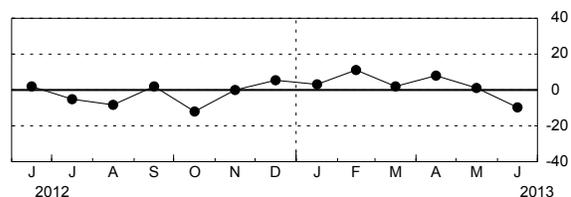
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	11.36	78.41	10.23	1.14
Jun	8.06	74.19	17.74	-9.68

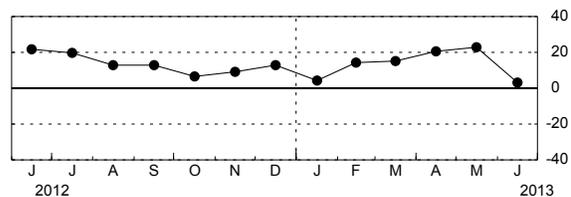
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	34.09	54.55	11.36	22.73
Jun	16.13	70.97	12.90	3.23

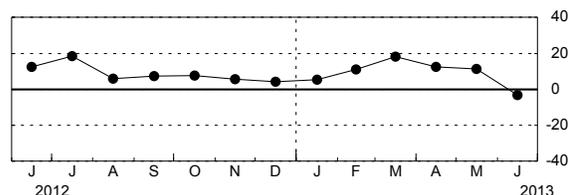
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	20.45	70.45	9.09	11.36
Jun	6.45	83.87	9.68	-3.23

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.

Supplemental Report:

Manufacturers Look Back at Fallout from Sandy

Supplementary questions in the June 2013 *Empire State Manufacturing Survey* focused on the short-term and medium-term effects of Superstorm Sandy on respondents' business. Similar questions had been asked in the early part of November 2012, immediately after the storm; the current set of questions enabled respondents to assess any effects that extended beyond early to mid-November.

A large majority, 60 percent, of firms based in the New York City area—which also includes Long Island and the Lower Hudson Valley up to Putnam and Orange counties—said that they were shut down or severely crippled

for at least five full days because of the storm; another 24 percent reported the same effects for one to four days. In contrast, virtually none of the firms based in upstate New York reported that their operations were severely affected. Respondents were also asked how many weeks it took for business to return to “normal levels”; the average length of time reported by downstate firms was nearly two and a half weeks. Among upstate firms, nearly 90 percent indicated that business did not fall below normal levels at all after the storm; 5 percent indicated that it took one to two weeks for business to return to normal, while another 5 percent said it took at least three weeks.

Firms were also asked to assess the medium-term effect of Sandy on revenues. Considerably more than a third of firms in the New York City area said that their overall revenues during the past seven months were adversely affected by the storm. For those firms that reported a negative effect on revenue, the average shortfall was estimated to be the equivalent of about seven days' worth of business.

Finally, when asked to assess the total amount of physical damage caused by the storm, more than a third of downstate firms reported some damage, and the median dollar estimate among those respondents was \$35,000. None of the upstate firms reported any such damage. ■

Supplemental Report, *continued*

QUESTION 1

For how many days, if any, was your business shut down or severely crippled?

	June 2013 Survey		November 2012 Survey	
	Percentage of Respondents		Percentage of Respondents	
	N.Y.C. Area (Downstate)	Upstate New York	N.Y.C. Area (Downstate)	Upstate New York
None	16.0	96.5	8.3	93.5
One to four days	24.0	3.5	50.0	6.5
Five days or more	60.0	0.0	41.7	0.0
Average number of days	4.1	0.1	3.4	0.1
Median number of days	5.0	0.0	3.5	0.0

QUESTION 2

How many weeks did it take for your business to return to normal levels?

	Percentage of Respondents	
	N.Y.C. Area (Downstate)	Upstate New York
No disruption	20.0	89.3
One week	32.0	3.6
Two weeks	16.0	1.8
Three weeks or more	32.0	5.4
Average number of weeks	2.4	0.3
Median number of weeks	1.0	0.0

QUESTION 3

Was your revenue during the past seven months lower (or higher) than it otherwise would have been?

	Percentage of Respondents	
	N.Y.C. Area (Downstate)	Upstate New York
Lower because of Sandy	36.0	1.6
No difference	60.0	95.2
Higher because of Sandy	4.0	3.2

QUESTION 4

If lower, how many days of business revenue were lost?

	Days of Revenue	
	N.Y.C. Area (Downstate)	Upstate New York
Average (among those reporting lower revenue)	7.2	N.A.
Median (among those reporting lower revenue)	5.0	N.A.