

# Empire State Manufacturing Survey

The August 2013 *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers improved modestly for a third consecutive month. The general business conditions index, at 8.2, was little changed from last month. The new orders index slipped four points to 0.3 and the shipments index fell seven points to 1.5, suggesting that both orders and shipments were flat. The prices paid index rose slightly to 20.5, and the prices received index climbed three points to 3.6. Labor market conditions improved, with the index for number of employees climbing eight points to 10.8 and the average workweek index rising twelve points to 4.8. Both of these indexes reached

their highest levels in a year. Indexes for the six-month outlook generally pointed to strong optimism about future business activity; the future general business conditions index rose five points to 37.4, its highest level in more than a year.

In response to a series of supplementary questions, manufacturers predicted that overall sales or revenues would be 5 percent higher in 2013 than in 2012; employment levels and capital spending were expected to be little changed from last year. Also, more respondents reported that they had scaled back than raised their sales expectations for 2013 from what they had

anticipated at the beginning of the year. Hiring and capital spending plans for 2013 were only slightly less positive than at the beginning of the year. For more details, see the full supplemental report.

## Business Conditions Improve for a Third Consecutive Month

Business conditions strengthened for New York State manufacturers for a third consecutive month, according to the August 2013 survey. The general business conditions index was 8.2, a reading similar to last month's. Thirty percent of respondents reported that conditions had improved over the month, while 22 percent reported that conditions had worsened. The new orders index fell four points to 0.3 and the shipments index fell seven points to 1.5, indicating that both orders and shipments were flat over the month. The unfilled orders index came in at -6.0. The delivery time index fell to -1.2, and the inventories index rose three points to -3.6, pointing to a continued small drop in inventory levels.

## Labor Market Conditions Strengthen

Price indexes were slightly higher. The prices paid index inched up three points to 20.5. The prices

## General Business Conditions

Seasonally adjusted



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received index rose three points to 3.6, indicating a small increase in selling prices. Labor market conditions strengthened, with employment indexes advancing to their highest levels in a year. The index for number of employees rose eight points to 10.8, and the average workweek index climbed twelve points to 4.8.

### **Six-Month Outlook Remains Favorable**

Indexes for the six-month outlook generally conveyed strong optimism

about future business conditions. The future general business conditions index rose five points to 37.4, its highest level in more than a year. The future new orders index was 30.0, and the future shipments index was also 30.0, both little changed from last month's levels. The future prices paid index moved up thirteen points to 41.0, and the future prices received index rose seven points to 19.3. The index for expected number of employees rose seven points to 8.4, while the future

average workweek index remained negative at -6.0. The capital expenditures index rose sharply, climbing fourteen points to 24.1, its highest level in more than a year. The technology spending index fell six points to 4.8. ■

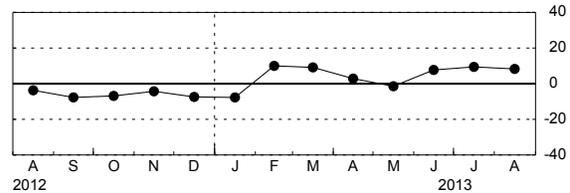
# Current Indicators

Change from Preceding Month

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	30.01	49.43	20.55	9.46
Aug	30.00	48.24	21.76	8.24

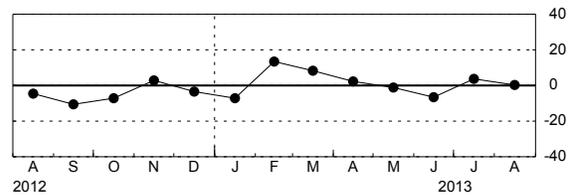
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	28.89	45.99	25.12	3.77
Aug	27.33	45.61	27.06	0.27

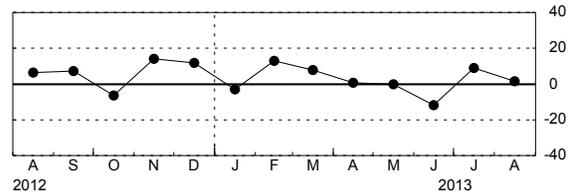
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	31.17	46.61	22.22	8.96
Aug	31.07	39.32	29.61	1.47

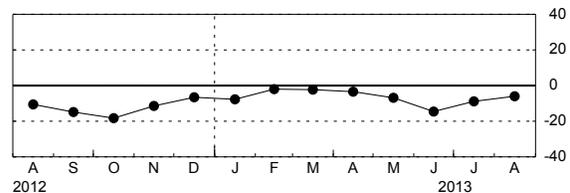
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	14.13	63.04	22.83	-8.70
Aug	12.05	69.88	18.07	-6.02

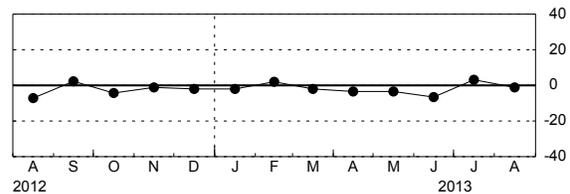
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	10.87	81.52	7.61	3.26
Aug	7.23	84.34	8.43	-1.20

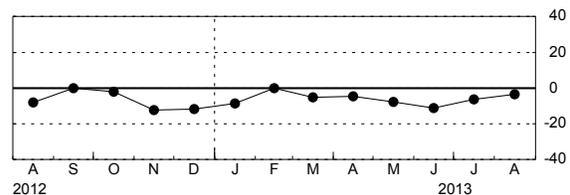
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	25.00	43.48	31.52	-6.52
Aug	22.89	50.60	26.51	-3.61

Inventories - Diffusion Index



## Current Indicators, *continued*

### Change from Preceding Month

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	25.00	67.39	7.61	17.39
Aug	22.89	74.70	2.41	20.48

#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	10.87	79.35	9.78	1.09
Aug	12.05	79.52	8.43	3.61

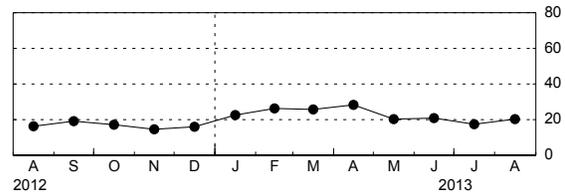
#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	15.22	72.83	11.96	3.26
Aug	22.89	65.06	12.05	10.84

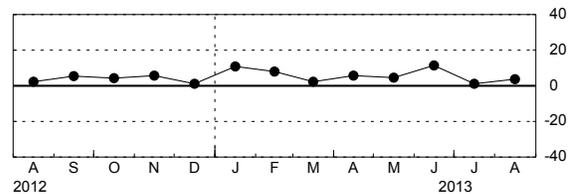
#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	7.61	77.17	15.22	-7.61
Aug	18.07	68.67	13.25	4.82

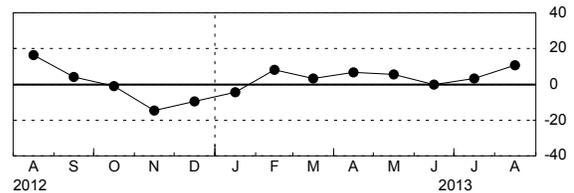
Prices Paid - Diffusion Index



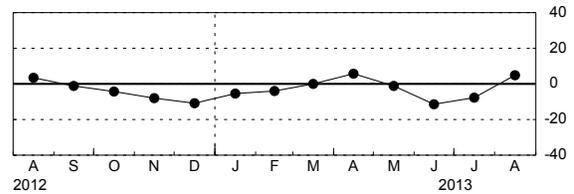
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

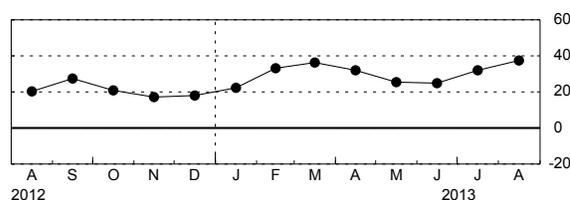
# Forward-Looking Indicators

Expectations Six Months Ahead

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	40.89	50.22	8.88	32.01
Aug	51.71	33.97	14.32	37.39

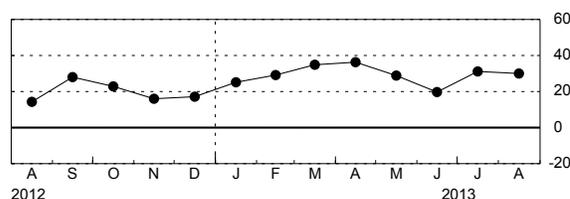
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	43.94	43.23	12.82	31.12
Aug	45.02	39.97	15.01	30.01

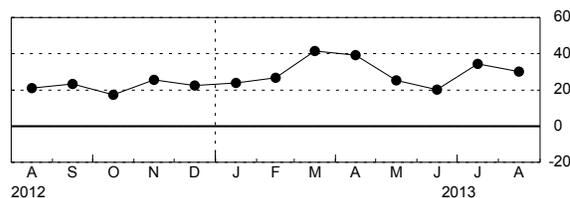
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	46.83	40.78	12.39	34.44
Aug	45.59	38.84	15.57	30.02

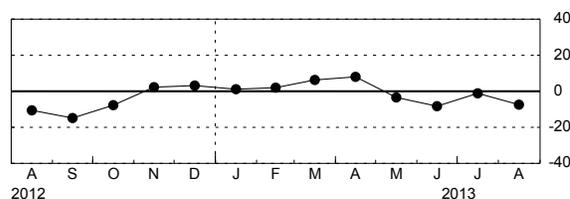
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	14.13	70.65	15.22	-1.09
Aug	9.64	73.49	16.87	-7.23

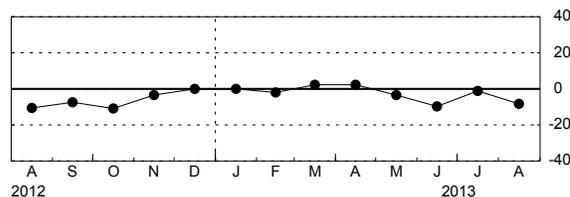
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	8.70	81.52	9.78	-1.09
Aug	3.61	84.34	12.05	-8.43

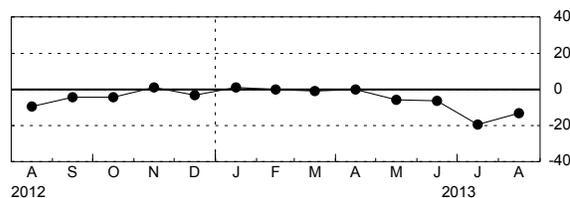
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	16.30	47.83	35.87	-19.57
Aug	18.07	50.60	31.33	-13.25

Inventories - Diffusion Index



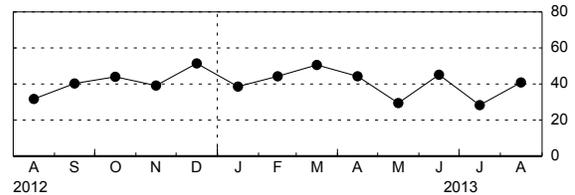
## Forward-Looking Indicators, *continued*

### Expectations Six Months Ahead

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	36.96	54.35	8.70	28.26
Aug	46.99	46.99	6.02	40.96

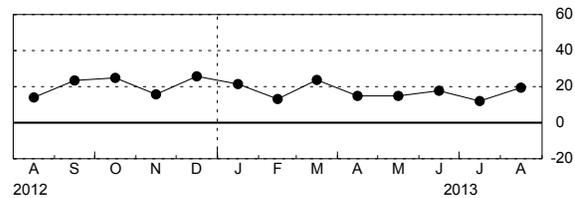
Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	21.74	68.48	9.78	11.96
Aug	31.33	56.63	12.05	19.28

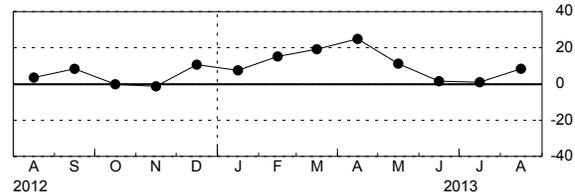
Prices Received - Diffusion Index



#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	16.30	68.48	15.22	1.09
Aug	25.30	57.83	16.87	8.43

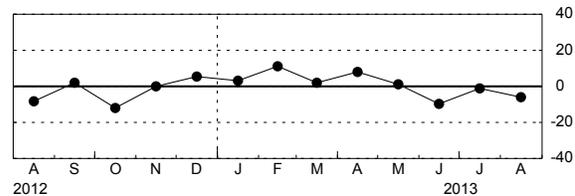
Number of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	13.04	72.83	14.13	-1.09
Aug	13.25	67.47	19.28	-6.02

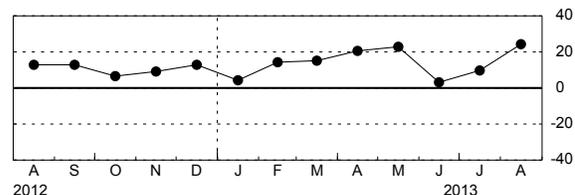
Average Employee Workweek - Diffusion Index



#### Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	25.00	59.78	15.22	9.78
Aug	33.73	56.63	9.64	24.10

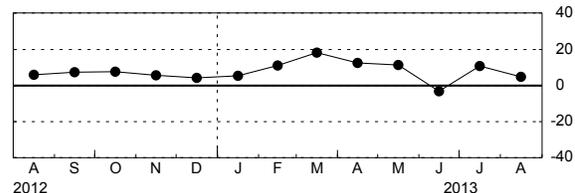
Capital Expenditures - Diffusion Index



#### Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	20.65	69.57	9.78	10.87
Aug	16.87	71.08	12.05	4.82

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.

## Supplemental Report:

# Sales Up in 2013; Employment, Capital Spending Steady

In a series of supplementary questions to the August 2013 *Empire State Manufacturing Survey*, manufacturers were asked how much their sales, employment levels, and capital spending had changed between the first half of 2012 and the first half of 2013 and how they expected these measures to evolve over the full year.

Manufacturers were also asked how their 2013 sales (revenue), hiring, and capital spending squared with their expectations at the beginning of the year. Some of these questions had been posed previously in July 2012 and in earlier July surveys; others were previously asked in August 2012 (see table).

In this year's survey, the median respondent reported that in the first half of 2013, sales were up 3 percent from the first half of 2012; in last July's survey, the median respondent had reported a 4½ percent rise. For the full calendar year, however, sales were expected to be up by 5 percent in

2013—the same gain projected in last year's survey. In the current survey, the median respondent reported no change in the number of employees—both year-to-date and for the full year 2013. In the 2012 survey, the median estimated change in employment was roughly 2 percent—both for the first half of the year and for all of 2012. Capital spending for 2013 was also little changed: the median reported change was zero year-to-date, with a 1 percent gain expected for the full year.

In addition, survey respondents were asked if they had recently modified their sales/revenue expectations for the second half of 2013. Responses were slightly negative, on balance, with almost 35 percent of firms indicating that they had scaled back expectations and just 23 percent saying they had revised them upward. This result reflects somewhat more pessimism than in last July's survey: at that time, respondents were asked about

modifications to production plans, and responses were almost evenly balanced between upward and downward revisions.

Manufacturers were also asked to assess their hiring and capital spending for 2013 relative to what they had planned at the beginning of the year. Year-to-date, actual hiring and capital spending fell slightly short of planned levels, on balance. Similarly, hiring plans for the second half of the year were, on balance, revised downward modestly: 26 percent of those surveyed made downward revisions, while just 11 percent revised their hiring plans upward. Modifications to capital spending plans were more symmetric, with 25 percent intending to increase spending and 17 percent scaling back such plans. Still, a majority of those surveyed indicated that plans had not changed. ■

## Supplemental Report, *continued*

### QUESTION 1

Please estimate the percentage change in your firm's sales, number of employees, and capital spending from 2012 to 2013—both for the first half of the year and what you expect for the full year:

	Median Percentage Change from Prior Year				
	August 2013	July 2012	July 2011	July 2010	July 2009
Total sales					
First half of year	3.0	4.5	5.0	7.0	-15.0
Full year	5.0	5.0	6.0	8.0	-15.0
Number of employees					
First half of year	0.0	2.0	3.0	0.0	-10.0
Full year	0.0	2.0	2.8	0.0	-10.0
Capital spending					
First half of year	0.0	—	—	—	—
Full year	1.0	—	—	—	—

### QUESTION 2

In the past several months, to what extent have you modified your sales/revenue expectations for the second half of the year?\*

	Percentage of Respondents				
	August 2013	July 2012	July 2011	July 2010	July 2009
Reduced substantially	8.5	6.2	1.1	1.6	31.3
Reduced somewhat	26.8	16.0	23.3	17.5	31.3
No change	41.5	51.9	53.3	47.6	16.7
Increased somewhat	19.5	23.5	16.7	30.2	19.8
Increased substantially	3.7	2.5	5.6	3.2	1.0

\* In the July 2012 and earlier July surveys, respondents were asked about modifications to production plans rather than sales/revenue expectations.

## Supplemental Report, *continued*

### QUESTION 3

Relative to what you were planning at the beginning of this year, how have your actual hiring and capital spending proceeded thus far this year?

	Percentage of Respondents			
	August 2013		August 2012	
	Actual Hiring	Actual Capital Spending	Actual Hiring	Actual Capital Spending
Much less than planned	6.1	6.2	6.0	8.5
Somewhat less than planned	18.3	19.8	22.6	15.9
About as planned	58.5	54.3	48.8	56.1
Somewhat more than planned	15.9	17.3	21.4	15.9
Much more than planned	1.2	2.5	1.2	3.7

### QUESTION 4

Relative to what you were planning at the beginning of 2013, how have you modified your hiring and capital spending plans for the remainder of this year?

	Percentage of Respondents			
	August 2013		August 2012	
	Projected Hiring	Projected Capital Spending	Projected Hiring	Projected Capital Spending
Revised lower substantially	9.9	8.6	8.2	9.5
Revised lower somewhat	16.0	16.0	28.2	20.2
About the same	63.0	58.0	44.7	54.8
Revised higher somewhat	8.6	16.0	18.8	14.3
Revised higher substantially	2.5	1.2	0.0	1.2