

Empire State Manufacturing Survey

The February 2014 *Empire State Manufacturing Survey* indicates that business conditions improved marginally for New York manufacturers. The general business conditions index fell eight points, but remained positive at 4.5. The new orders index fell to about zero, indicating that orders were flat, and the shipments index declined thirteen points to 2.1. The unfilled orders index remained negative at -6.3. The prices paid index fell twelve points to 25.0, pointing to a slowing pace of input price increases, while the prices received index climbed two points to 15.0, suggesting a faster pace of selling price increases. Employment indexes were little changed, indicating a modest increase in employment levels and slightly longer workweeks. Indexes for the six-month outlook continued to convey fairly robust optimism about

future conditions, even as the capital spending index fell ten points to 2.5, a multiyear low.

Business Conditions Improve Marginally

Business conditions improved marginally for New York manufacturers, according to the February 2014 survey. After rising ten points last month, the general business conditions index gave up most of those gains, falling eight points to 4.5. This month, 29 percent of respondents reported that conditions improved over the month, while 25 percent reported that conditions worsened. The new orders index fell to near zero, declining eleven points to -0.2, suggesting that orders were flat. The shipments index fell thirteen points to 2.1, and the unfilled orders index was

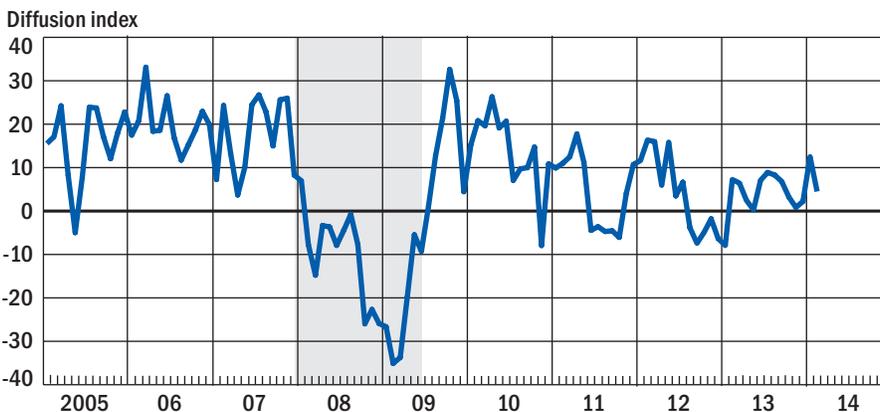
little changed at -6.3. The delivery time index rose to 1.3, indicating that delivery times held steady, and the inventories index fell to -5.0, pointing to a small decline in inventory levels.

Selling Price Increases Continue to Pick Up

The prices paid index rose sharply in January, but fell twelve points to 25.0 this month, indicating a slowing in the pace of input price increases. However, the prices received index moved in the opposite direction, climbing two points to 15.0, suggesting that the pace of selling price increases picked up. Employment indexes were little changed from last month and pointed to a modest improvement in labor market conditions. The number of employees index was 11.3, indicating a modest increase in employment levels, and the average workweek index inched up to 3.8, suggesting slightly longer workweeks.

General Business Conditions

Seasonally adjusted



Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Six-Month Outlook Remains Optimistic

Indexes for the six-month outlook continued to convey fairly strong optimism about future business conditions. The index for expected general business conditions rose to 39.0, and the index for future new orders climbed six points to 45.3, its highest level in two years. The index for future prices paid fell to 40.0, and the index for future prices received held steady at 23.8. The future number of employees index rose for a second consecutive month, reaching 25.0, and the future average workweek index fell to 7.5. The capital expenditures index fell ten points to 2.5, a multiyear low, and the technology spending index fell to 0.0. ■

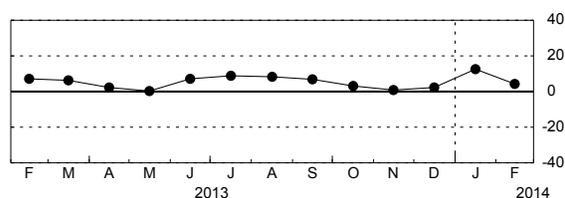
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	34.74	43.03	22.23	12.51
Feb	29.43	45.62	24.95	4.48

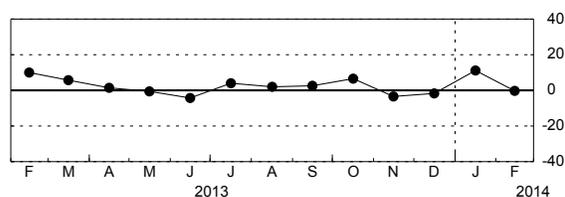
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	34.67	41.65	23.69	10.98
Feb	26.09	47.61	26.30	-0.21

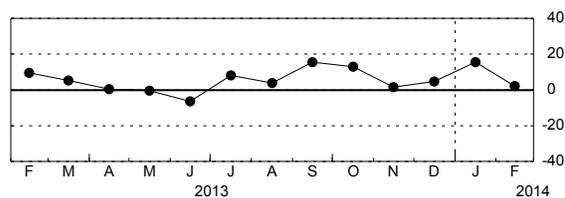
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	32.60	50.32	17.08	15.52
Feb	28.31	45.51	26.18	2.13

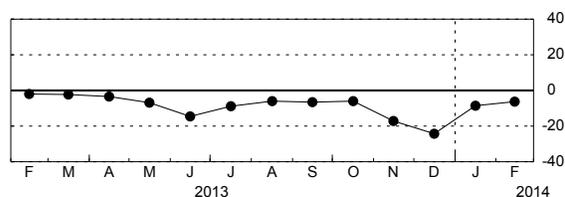
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	12.20	67.07	20.73	-8.54
Feb	15.00	63.75	21.25	-6.25

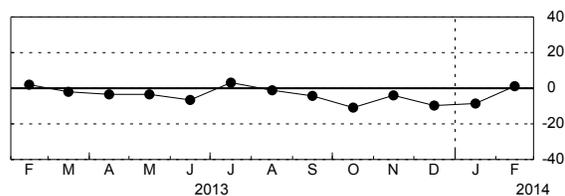
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	8.54	74.39	17.07	-8.54
Feb	13.75	73.75	12.50	1.25

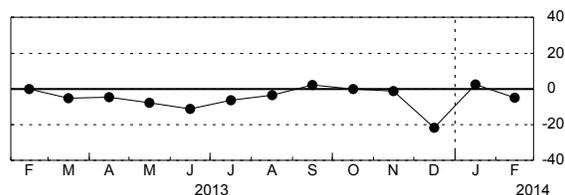
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	23.17	56.10	20.73	2.44
Feb	13.75	67.50	18.75	-5.00

Inventories - Diffusion Index



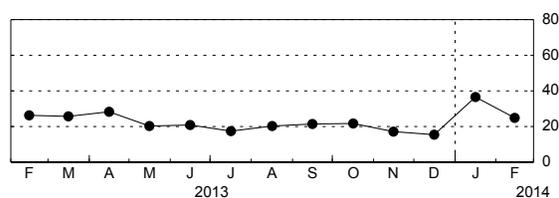
Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	37.80	60.98	1.22	36.59
Feb	26.25	72.50	1.25	25.00

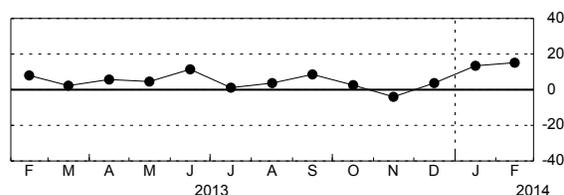
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	20.73	71.95	7.32	13.41
Feb	18.75	77.50	3.75	15.00

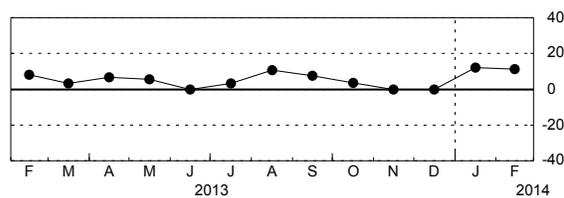
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	24.39	63.41	12.20	12.20
Feb	26.25	58.75	15.00	11.25

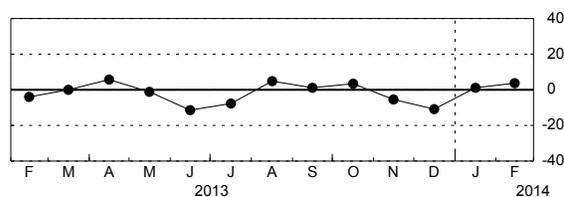
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	18.29	64.63	17.07	1.22
Feb	15.00	73.75	11.25	3.75

Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

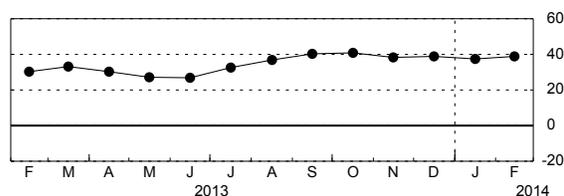
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	49.59	38.34	12.08	37.51
Feb	53.18	32.63	14.19	38.99

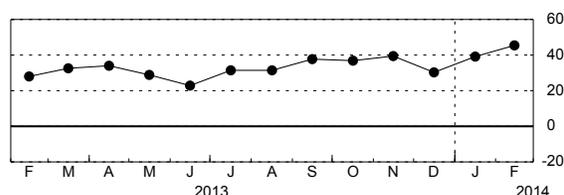
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	51.81	35.48	12.71	39.10
Feb	55.04	35.24	9.73	45.31

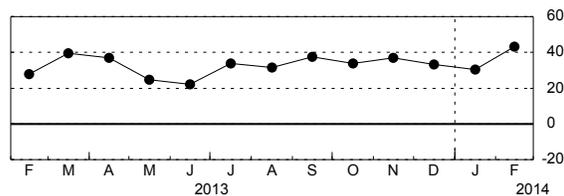
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	45.97	38.64	15.39	30.58
Feb	54.43	34.47	11.10	43.33

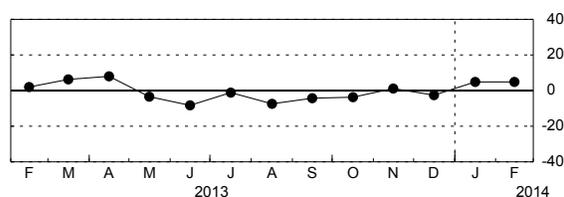
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	12.20	80.49	7.32	4.88
Feb	16.25	72.50	11.25	5.00

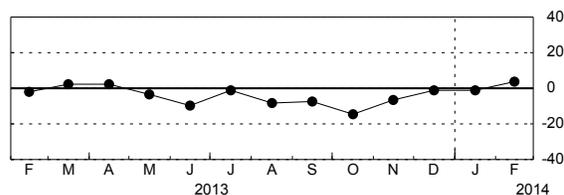
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	8.54	81.71	9.76	-1.22
Feb	12.50	78.75	8.75	3.75

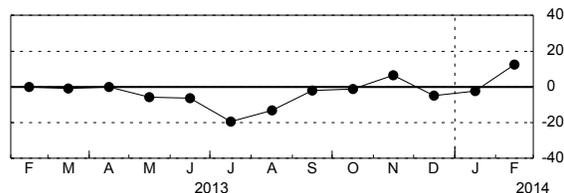
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	23.17	51.22	25.61	-2.44
Feb	31.25	50.00	18.75	12.50

Inventories - Diffusion Index



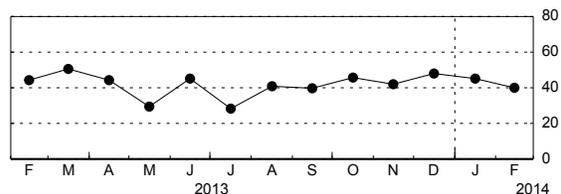
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	50.00	45.12	4.88	45.12
Feb	45.00	50.00	5.00	40.00

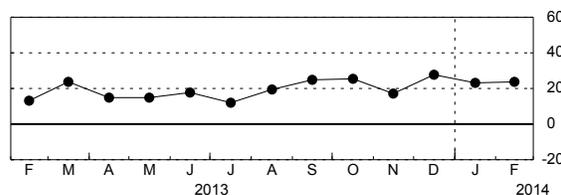
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	29.27	64.63	6.10	23.17
Feb	28.75	66.25	5.00	23.75

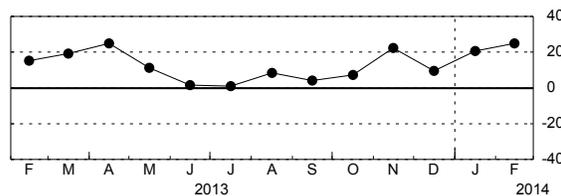
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	29.27	62.20	8.54	20.73
Feb	33.75	57.50	8.75	25.00

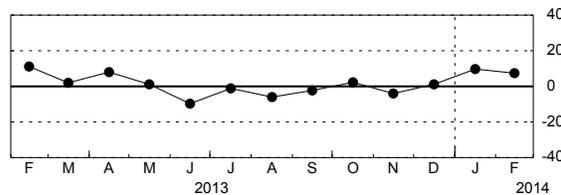
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	18.29	73.17	8.54	9.76
Feb	17.50	72.50	10.00	7.50

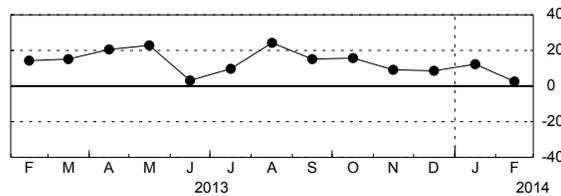
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	26.83	58.54	14.63	12.20
Feb	22.50	57.50	20.00	2.50

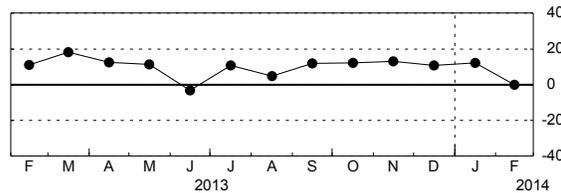
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jan	23.17	65.85	10.98	12.20
Feb	16.25	67.50	16.25	0.00

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.