

Empire State Manufacturing Survey

Business activity expanded at a solid clip in New York State, according to firms responding to the February 2017 *Empire State Manufacturing Survey*. The headline general business conditions index rose twelve points to 18.7, its highest level in more than two years. The new orders index climbed to 13.5, and the shipments index advanced to 18.2, pointing to substantial increases in both orders and shipments. The unfilled orders index rose above zero for the first time in more than five years. Delivery times were reported as longer, and inventories increased. Labor market conditions improved, with both employment and hours worked moving higher. After reaching multiyear highs last month, the prices paid and prices received indexes were little changed. Indexes assessing the six-month outlook continued to convey a high degree of optimism about future conditions.

Business Growth Gains Momentum

Manufacturing firms in New York State reported that business activity expanded at the fastest pace since 2014. The general business conditions index climbed twelve points to 18.7, its fourth consecutive positive reading. Thirty-three percent of respondents reported that conditions had improved over the month, while fourteen percent reported that conditions had worsened. The new orders index rose ten points to 13.5, and the shipments index climbed eleven points to 18.2, pointing to a solid increase in both orders and shipments. The unfilled orders index turned positive for the first time since 2011. The delivery time index rose to 7.1, a sign of longer delivery times, and the inventories index, at 3.1, suggested that inventory levels were slightly higher.

Employment Edges Higher as Price Increases Continue

Employment indexes turned positive in February, pointing to some improvement

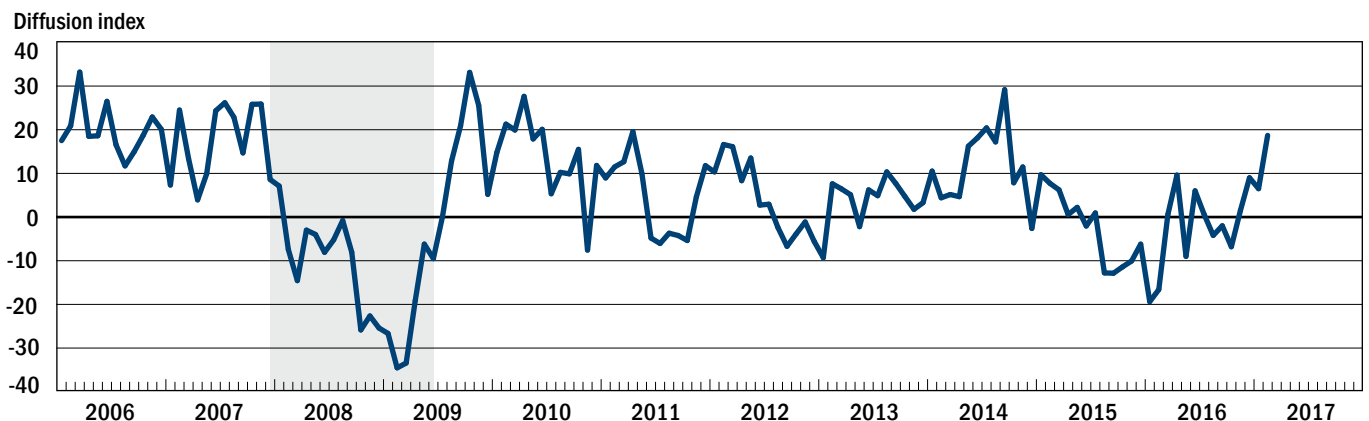
in labor market conditions. The index for number of employees rose to 2.0, and the average workweek index rose to 4.1. Prices continued to increase at a fairly strong pace. After reaching a multiyear high last month, the prices paid index was little changed at 37.8, and the prices received index held steady at 19.4, also a multiyear high.

Firms Remain Optimistic

Indexes for the six-month outlook suggested that respondents remained highly optimistic about future conditions. The index for future business conditions dropped eight points, but at 41.7, remained high by historical standards. The indexes for future employment and the future average workweek indicated that firms expected strong growth in employment and hours worked in the months ahead. The capital expenditures index edged down to 22.4, and the technology spending index moved up modestly to 16.3. ■

General Business Conditions

Seasonally Adjusted

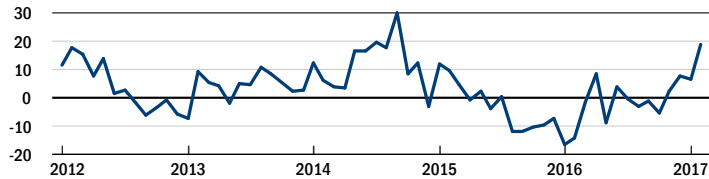


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

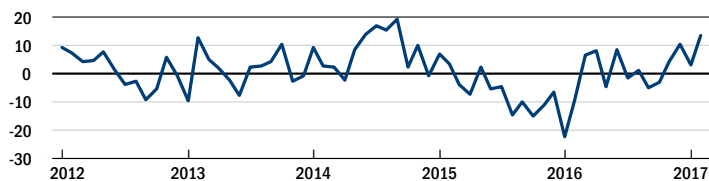
Change from Preceding Month

General Business Conditions



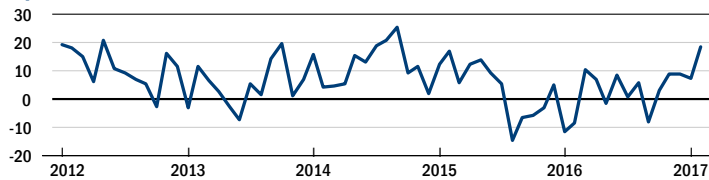
	Percent Reporting		Index
	Higher	Lower	
Jan	29.7	23.2	6.5
Feb	32.7	14.0	18.7
Change			12.2

New Orders



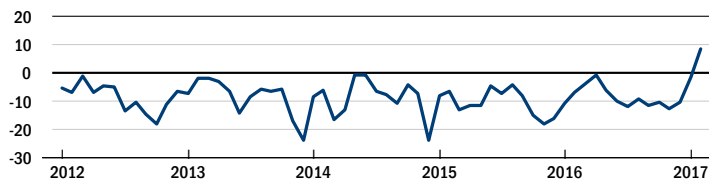
	Percent Reporting		Index
	Higher	Lower	
Jan	29.1	26.0	3.1
Feb	36.3	22.9	13.5
Change			10.4

Shipments



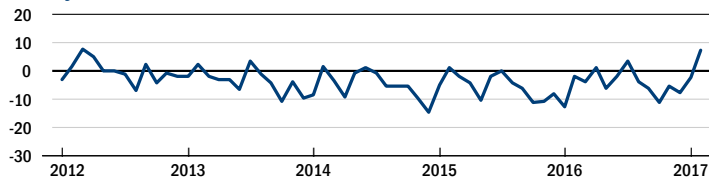
	Percent Reporting		Index
	Higher	Lower	
Jan	32.8	25.5	7.3
Feb	38.7	20.5	18.2
Change			10.9

Unfilled Orders



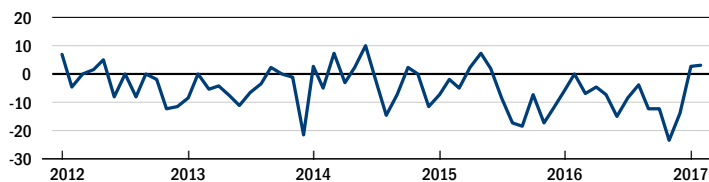
	Percent Reporting		Index
	Higher	Lower	
Jan	11.8	13.4	-1.7
Feb	18.4	10.2	8.2
Change			9.9

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Jan	6.7	9.2	-2.5
Feb	11.2	4.1	7.1
Change			9.6

Inventories

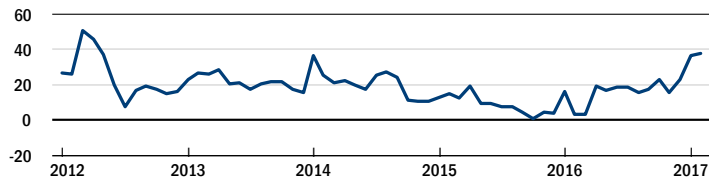


	Percent Reporting		Index
	Higher	Lower	
Jan	19.3	16.8	2.5
Feb	20.4	17.3	3.1
Change			0.6

Current Indicators, *continued*

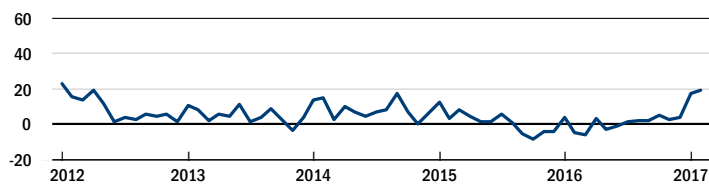
Change from Preceding Month

Prices Paid



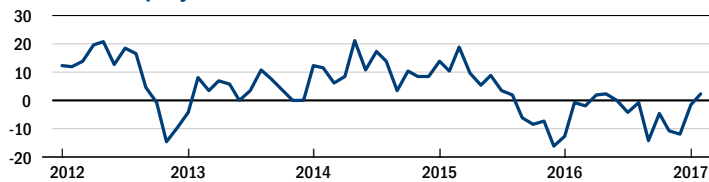
	Percent Reporting		Index
	Higher	Lower	
Jan	41.2	5.0	36.1
Feb	40.8	3.1	37.8
Change			1.7

Prices Received



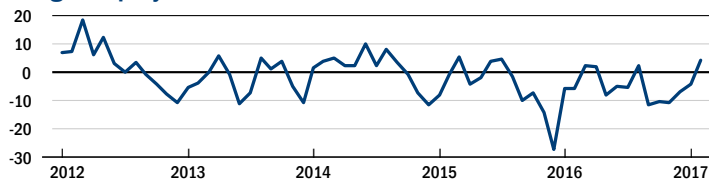
	Percent Reporting		Index
	Higher	Lower	
Jan	22.7	5.0	17.6
Feb	20.4	1.0	19.4
Change			1.8

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jan	14.3	16.0	-1.7
Feb	17.3	15.3	2.0
Change			3.7

Average Employee Workweek



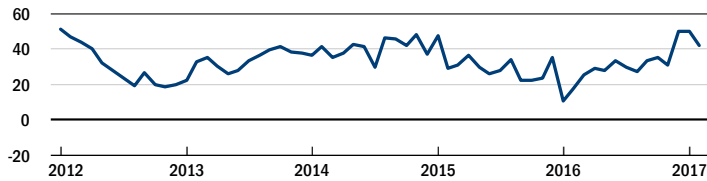
	Percent Reporting		Index
	Higher	Lower	
Jan	9.2	13.4	-4.2
Feb	13.3	9.2	4.1
Change			8.3

Note: Data are not seasonally adjusted.

Forward-Looking Indicators

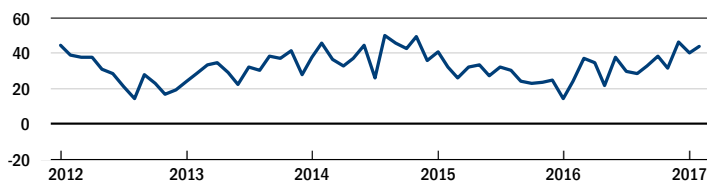
Expectations Six Months Ahead

General Business Conditions



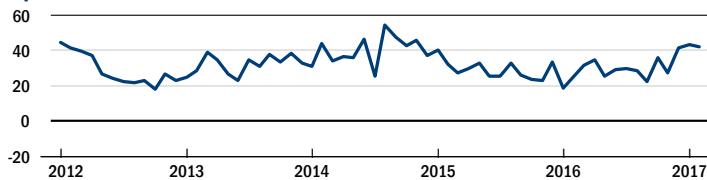
	Percent Reporting		Index
	Higher	Lower	
Jan	62.2	12.5	49.7
Feb	50.7	9.1	41.7
Change			-8.0

New Orders



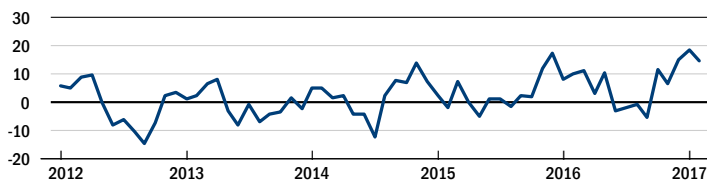
	Percent Reporting		Index
	Higher	Lower	
Jan	52.9	13.1	39.8
Feb	55.9	12.1	43.8
Change			4.0

Shipments



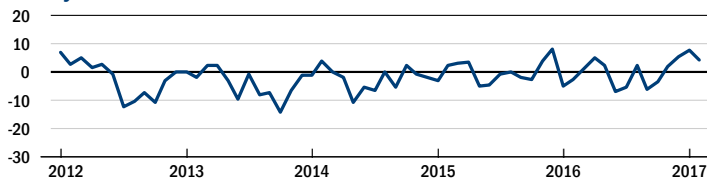
	Percent Reporting		Index
	Higher	Lower	
Jan	52.6	9.2	43.4
Feb	54.1	12.4	41.7
Change			-1.7

Unfilled Orders



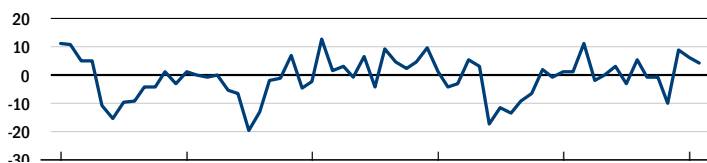
	Percent Reporting		Index
	Higher	Lower	
Jan	21.8	3.4	18.5
Feb	22.4	8.2	14.3
Change			-4.2

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Jan	12.6	5.0	7.6
Feb	10.2	6.1	4.1
Change			-3.5

Inventories

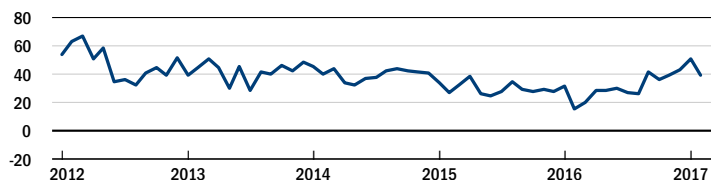


	Percent Reporting		Index
	Higher	Lower	
Jan	26.9	21.0	5.9
Feb	25.5	21.4	4.1
Change			-1.8

Forward-Looking Indicators, *continued*

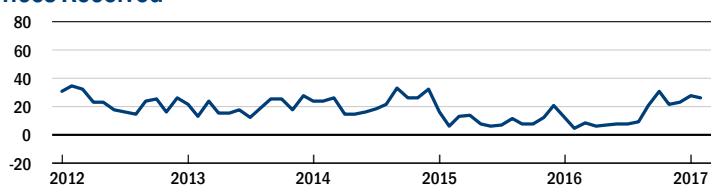
Expectations Six Months Ahead

Prices Paid



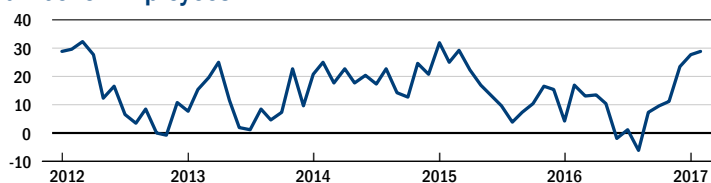
	Percent Reporting		Index
	Higher	Lower	
Jan	53.8	3.4	50.4
Feb	43.9	5.1	38.8
Change			-11.6

Prices Received



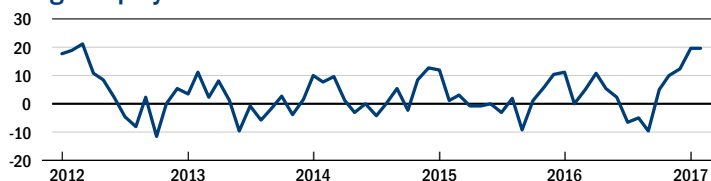
	Percent Reporting		Index
	Higher	Lower	
Jan	32.8	5.0	27.7
Feb	30.6	5.1	25.5
Change			-2.2

Number of Employees



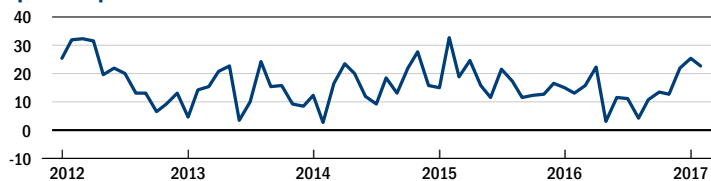
	Percent Reporting		Index
	Higher	Lower	
Jan	37.0	9.2	27.7
Feb	35.7	7.1	28.6
Change			0.9

Average Employee Workweek



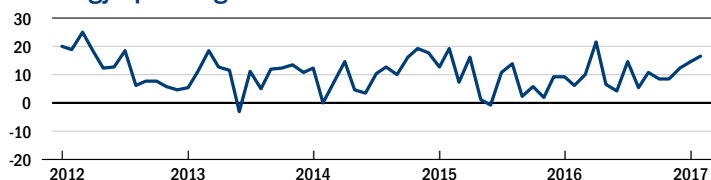
	Percent Reporting		Index
	Higher	Lower	
Jan	24.4	5.0	19.3
Feb	25.5	6.1	19.4
Change			0.1

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Jan	32.8	7.6	25.2
Feb	28.6	6.1	22.4
Change			-2.8

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Jan	21.0	6.7	14.3
Feb	23.5	7.1	16.3
Change			2.0

Note: Data are not seasonally adjusted.