

Empire State Manufacturing Survey

Business activity continued to grow modestly in New York State, according to firms responding to the January 2017 *Empire State Manufacturing Survey*. The headline general business conditions index was little changed at 6.5. The new orders index fell to 3.1, pointing to a small increase in orders, and the shipments index held steady at 7.3. Inventories edged higher for the first time in more than a year. Labor market conditions remained weak, though less so than in recent months, with manufacturers reporting a slight decline in employment and somewhat shorter workweeks. Both input prices and selling prices increased more rapidly this month, with the prices paid index climbing to its highest level in nearly three years, and the prices received index also jumping to a multiyear high. Indexes for the six-month outlook continued to convey a high degree of optimism about future conditions, with the index for future business conditions matching last month's nearly five-year high.

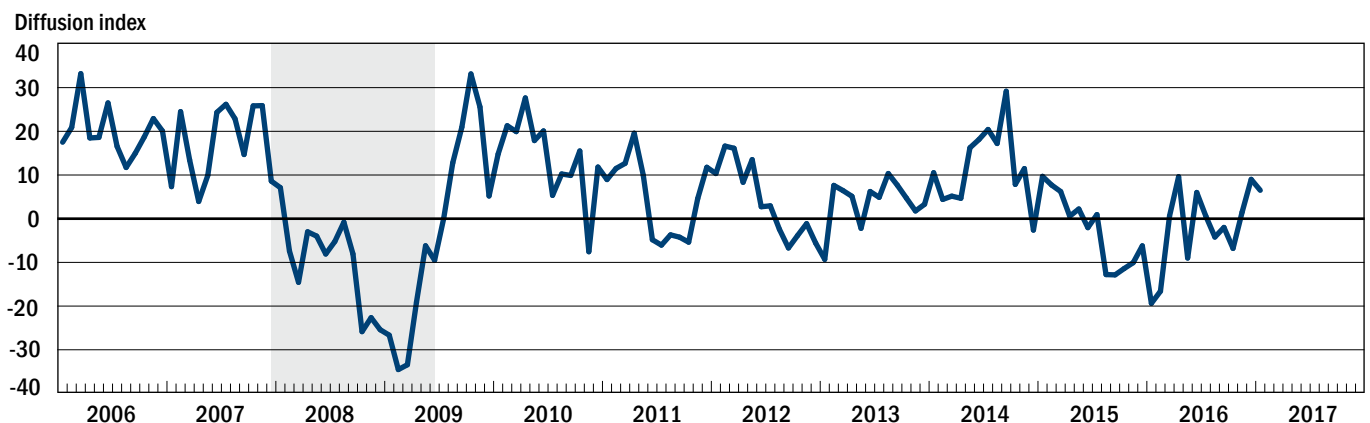
Business Activity Continues to Expand
Manufacturing firms in New York State reported that business activity grew in January. The general business conditions index was little changed at 6.5, its third consecutive positive reading. The new orders index fell seven points to 3.1, indicating that orders increased at a slower clip than last month, and the shipments index held steady at 7.3, pointing to an ongoing increase in shipments. The unfilled orders index rose to -1.7, and the delivery time index rose to -2.5. The inventories index climbed 16 points to 2.5, signaling a slight increase in inventory levels—the first increase since mid-2015.

Price Increases Pick Up Markedly
As has been the case for the past several months, both employment indexes were negative in January. The index for number of employees rose but held below zero at -1.7, a sign that employment levels edged slightly lower; the average workweek index,

at -4.2, pointed to a small decline in hours worked. Prices increased significantly this month. The prices paid index advanced fourteen points to 36.1, its highest level since 2014. The prices received index also climbed fourteen points, rising to 17.6, signaling a pickup in selling price increases.

Firms Remain Highly Optimistic
Indexes for the six-month outlook suggested that respondents remained very optimistic about future conditions. The index for future business conditions was unchanged at 49.7, matching last month's multiyear high. Delivery times were expected to be longer, and inventories were expected to increase. The index for future employment and the future average workweek indicated that firms expected strong growth in employment and hours worked. The capital expenditures index climbed four points to 25.2, and the technology spending index edged up to 14.3. ■

General Business Conditions Seasonally Adjusted

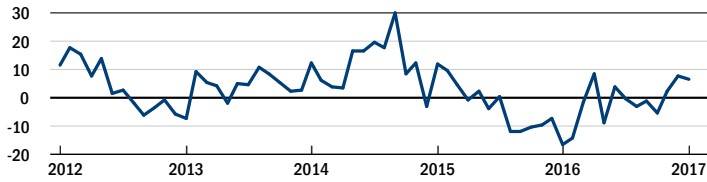


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

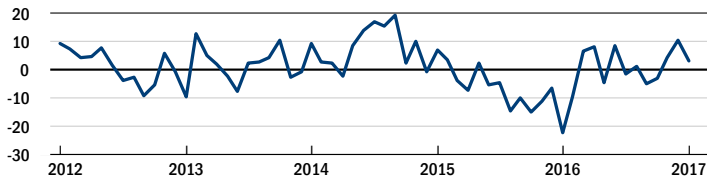
Change from Preceding Month

General Business Conditions



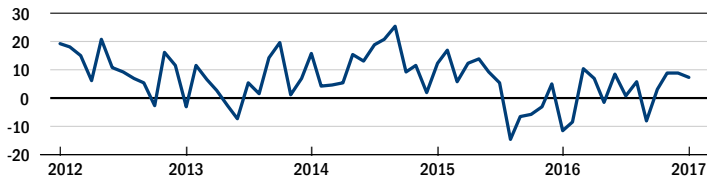
	Percent Reporting		Index
	Higher	Lower	
Dec	31.0	23.3	7.6
Jan	29.7	23.2	6.5
Change			-1.1

New Orders



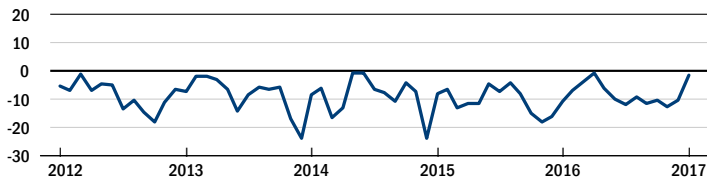
	Percent Reporting		Index
	Higher	Lower	
Dec	37.5	27.0	10.4
Jan	29.1	26.0	3.1
Change			-7.3

Shipments



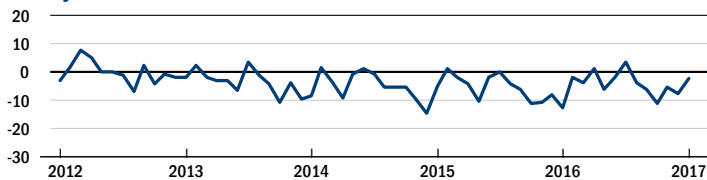
	Percent Reporting		Index
	Higher	Lower	
Dec	34.2	25.6	8.6
Jan	32.8	25.5	7.3
Change			-1.3

Unfilled Orders



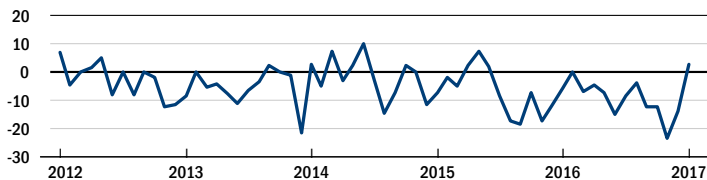
	Percent Reporting		Index
	Higher	Lower	
Dec	7.8	18.3	-10.4
Jan	11.8	13.4	-1.7
Change			8.7

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Dec	8.7	16.5	-7.8
Jan	6.7	9.2	-2.5
Change			5.3

Inventories

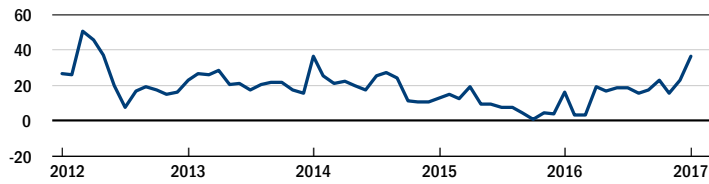


	Percent Reporting		Index
	Higher	Lower	
Dec	16.5	30.4	-13.9
Jan	19.3	16.8	2.5
Change			16.4

Current Indicators, *continued*

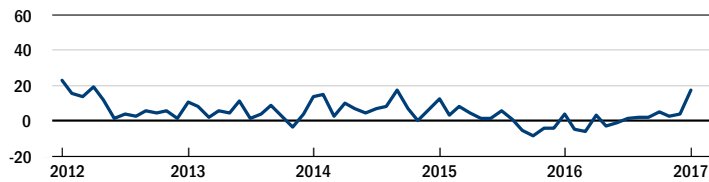
Change from Preceding Month

Prices Paid



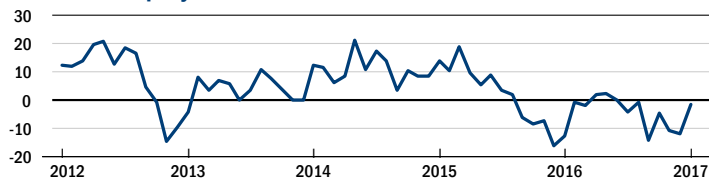
	Percent Reporting		Index
	Higher	Lower	
Dec	26.1	3.5	22.6
Jan	41.2	5.0	36.1
Change			13.5

Prices Received



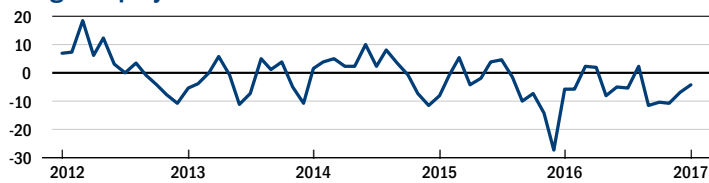
	Percent Reporting		Index
	Higher	Lower	
Dec	8.7	5.2	3.5
Jan	22.7	5.0	17.6
Change			14.1

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Dec	6.1	18.3	-12.2
Jan	14.3	16.0	-1.7
Change			10.5

Average Employee Workweek



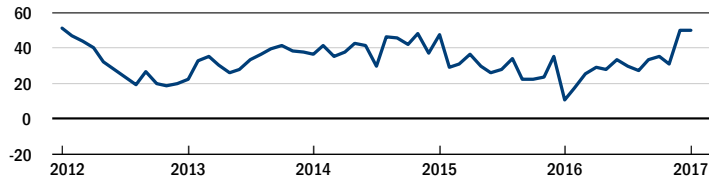
	Percent Reporting		Index
	Higher	Lower	
Dec	12.2	19.1	-7.0
Jan	9.2	13.4	-4.2
Change			2.8

Note: Data are seasonally adjusted.

Forward-Looking Indicators

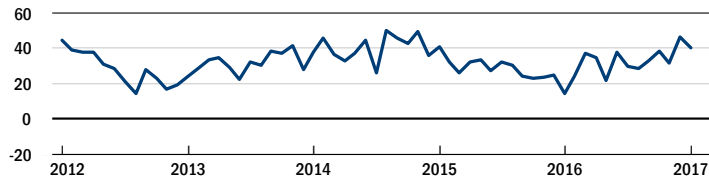
Expectations Six Months Ahead

General Business Conditions



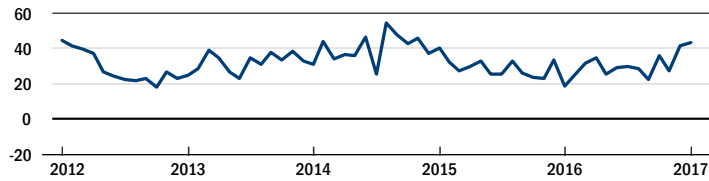
	Percent Reporting		Index
	Higher	Lower	
Dec	60.5	10.9	49.7
Jan	62.2	12.5	49.7
Change			0.0

New Orders



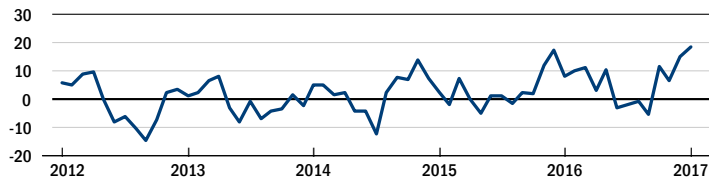
	Percent Reporting		Index
	Higher	Lower	
Dec	57.7	11.4	46.3
Jan	52.9	13.1	39.8
Change			-6.5

Shipments



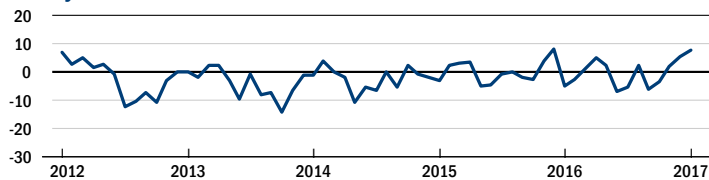
	Percent Reporting		Index
	Higher	Lower	
Dec	55.1	14.1	41.0
Jan	52.6	9.2	43.4
Change			2.4

Unfilled Orders



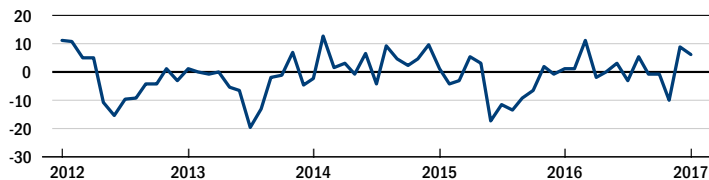
	Percent Reporting		Index
	Higher	Lower	
Dec	25.2	10.4	14.8
Jan	21.8	3.4	18.5
Change			3.7

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Dec	13.9	8.7	5.2
Jan	12.6	5.0	7.6
Change			2.4

Inventories

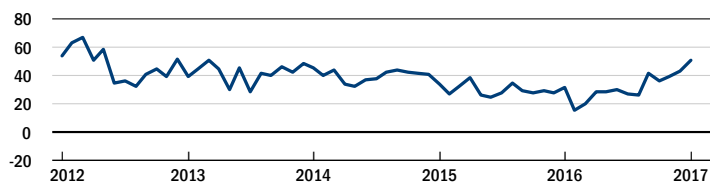


	Percent Reporting		Index
	Higher	Lower	
Dec	27.0	18.3	8.7
Jan	26.9	21.0	5.9
Change			-2.8

Forward-Looking Indicators, *continued*

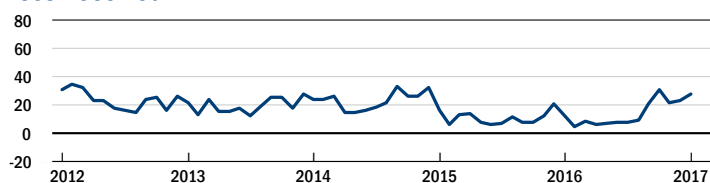
Expectations Six Months Ahead

Prices Paid



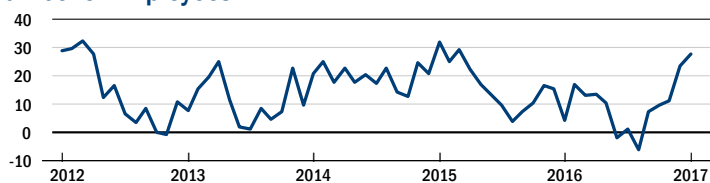
	Percent Reporting		Index
	Higher	Lower	
Dec	47.0	4.3	42.6
Jan	53.8	3.4	50.4
Change			7.8

Prices Received



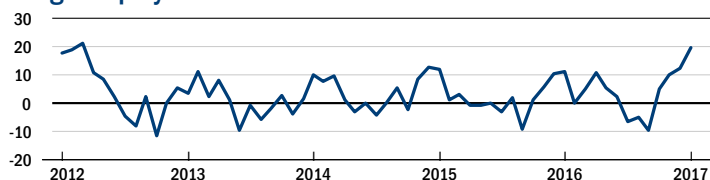
	Percent Reporting		Index
	Higher	Lower	
Dec	31.3	8.7	22.6
Jan	32.8	5.0	27.7
Change			5.1

Number of Employees



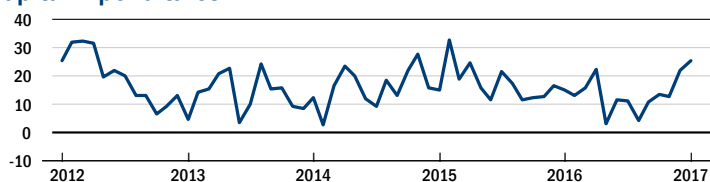
	Percent Reporting		Index
	Higher	Lower	
Dec	35.7	12.2	23.5
Jan	37.0	9.2	27.7
Change			4.2

Average Employee Workweek



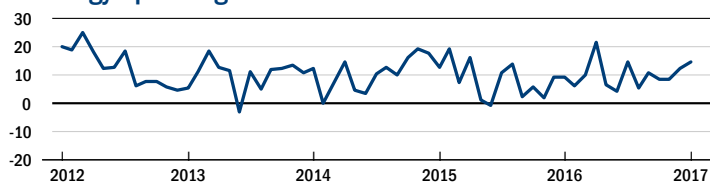
	Percent Reporting		Index
	Higher	Lower	
Dec	20.9	8.7	12.2
Jan	24.4	5.0	19.3
Change			7.1

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Dec	33.9	12.2	21.7
Jan	32.8	7.6	25.2
Change			3.5

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Dec	23.5	11.3	12.2
Jan	21.0	6.7	14.3
Change			2.1

Note: Data are seasonally adjusted.