

Empire State Manufacturing Survey

Business activity grew at a more subdued pace in New York State, according to firms responding to the April 2017 *Empire State Manufacturing Survey*. The headline general business conditions index fell eleven points to 5.2. The new orders index, which had climbed to a multiyear high in March, retreated sharply to 7.0, suggesting more modest growth. The shipments index edged up to 13.7, while the unfilled orders index slipped to 12.4. However, delivery times lengthened further, with that index climbing to a record high of 16.1. Labor market indicators pointed to further sturdy increases in both employment and hours worked. Input prices and selling prices rose at a modest pace again this month. Indexes assessing the six-month outlook continued to convey a fairly high degree of optimism.

Business Expansion Slows

Business activity expanded at a slower pace than in the prior two months. Although the general business condi-

tions index remained above the levels seen through most of 2016, it slipped eleven points to 5.2. Thirty-five percent of respondents reported that conditions had improved over the month, while 30 percent reported that they had worsened. The new orders index retreated fourteen points to 7.0, indicating that orders continued to expand but at a much more subdued pace. The shipments index, up slightly at 13.7, suggested that shipments continued to increase at a moderate pace. The unfilled orders index, which had reached an eleven-year high in March, declined only marginally to 12.4 in April. The delivery time index continued its ascent, climbing six points to 16.1—its highest level in the survey’s sixteen-year history and a sign of longer delivery times. The inventories index remained near zero, indicating that inventory levels were steady.

Hiring Activity Remains Robust

Employment indexes continued to signal strength in the labor market. The index for number of employees climbed

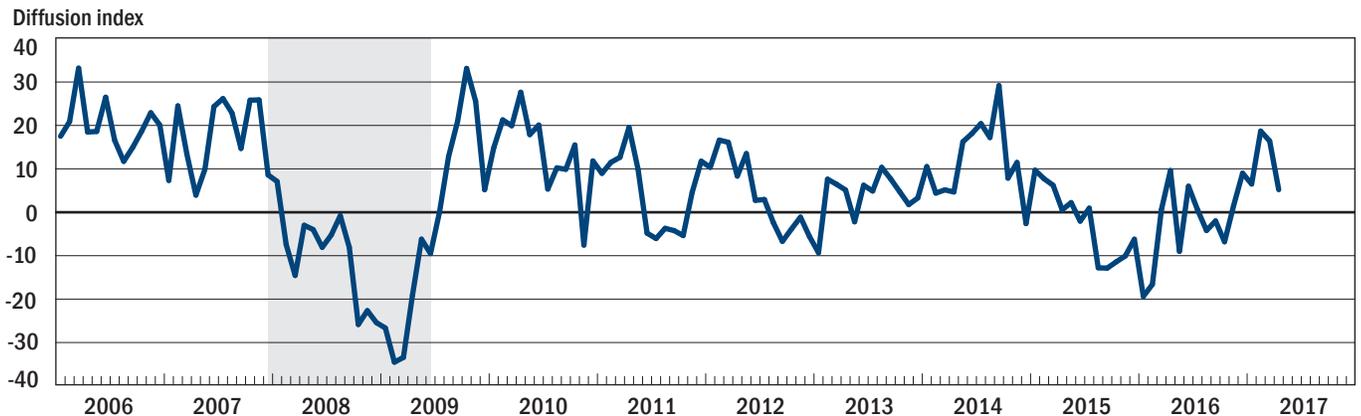
another five points to 13.9—its highest level in just over two years. The average workweek index retreated six points to 8.8, but remained well above the levels that prevailed for most of the past five years. Price increases were about the same as in March. The prices paid index edged up two points to 32.8, and the prices received index rose four points to 12.4.

Firms Remain Optimistic

Forward-looking indexes were mixed but generally at high levels, suggesting fairly widespread optimism about future conditions. The index for future business conditions rose three points to 39.9, while the future new orders and shipments indexes declined modestly. Employment and hours worked were expected to increase fairly briskly in the months ahead. The index for planned capital expenditures climbed four points to 27.7—its highest level in more than two years—and the technology spending index jumped seven points to 15.3. ■

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



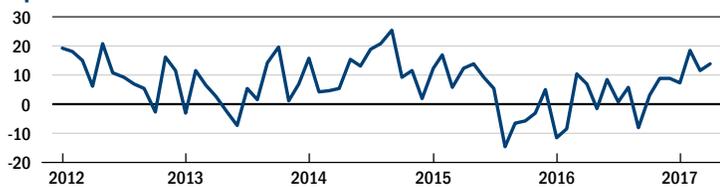
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 34.4 | 18.0 | 16.4 |
| Apr | 34.9 | 29.7 | 5.2 |
| Change | | | -11.2 |

New Orders



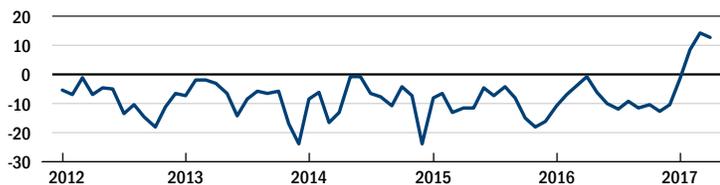
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 39.4 | 18.1 | 21.3 |
| Apr | 32.6 | 25.7 | 7.0 |
| Change | | | -14.3 |

Shipments



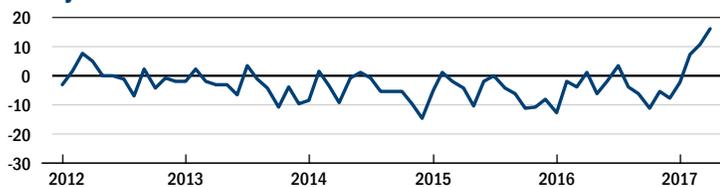
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 30.8 | 19.5 | 11.3 |
| Apr | 36.6 | 22.9 | 13.7 |
| Change | | | 2.4 |

Unfilled Orders



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 23.9 | 9.7 | 14.2 |
| Apr | 21.9 | 9.5 | 12.4 |
| Change | | | -1.8 |

Delivery Time



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 17.7 | 7.1 | 10.6 |
| Apr | 21.2 | 5.1 | 16.1 |
| Change | | | 5.5 |

Inventories

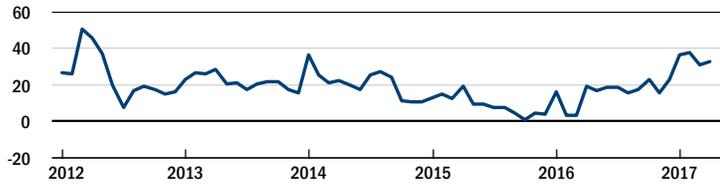


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 21.2 | 23.9 | -2.7 |
| Apr | 24.1 | 20.4 | 3.6 |
| Change | | | 6.3 |

Current Indicators, *continued*

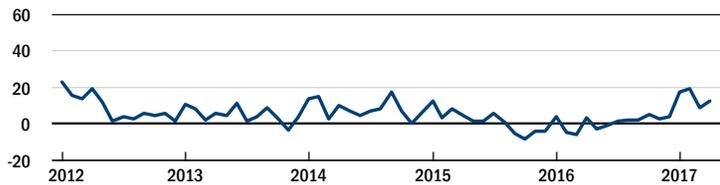
Change from Preceding Month

Prices Paid



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 33.6 | 2.7 | 31.0 |
| Apr | 36.5 | 3.6 | 32.8 |
| Change | | | 1.8 |

Prices Received



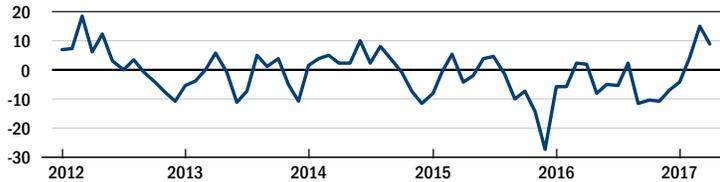
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 15.0 | 6.2 | 8.8 |
| Apr | 16.1 | 3.6 | 12.4 |
| Change | | | 3.6 |

Number of Employees



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 16.8 | 8.0 | 8.8 |
| Apr | 23.4 | 9.5 | 13.9 |
| Change | | | 5.1 |

Average Employee Workweek



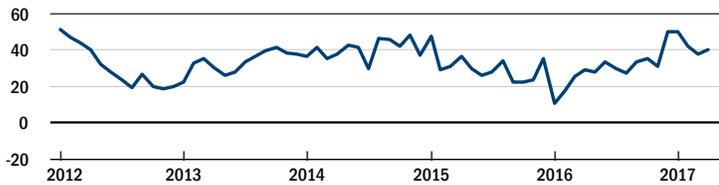
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 22.1 | 7.1 | 15.0 |
| Apr | 19.7 | 10.9 | 8.8 |
| Change | | | -6.2 |

Note: Data are seasonally adjusted.

Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 52.7 | 15.2 | 37.4 |
| Apr | 50.8 | 10.9 | 39.9 |
| Change | | | 2.5 |

New Orders



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 52.7 | 18.8 | 33.9 |
| Apr | 45.6 | 14.5 | 31.0 |
| Change | | | -2.9 |

Shipments



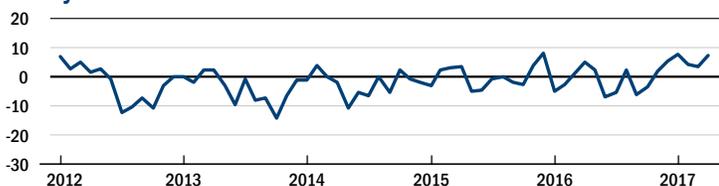
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 50.0 | 14.5 | 35.5 |
| Apr | 43.5 | 14.4 | 29.2 |
| Change | | | -6.3 |

Unfilled Orders



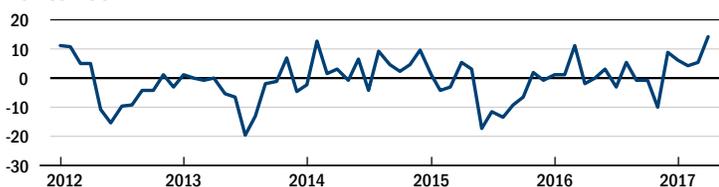
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 16.8 | 8.8 | 8.0 |
| Apr | 22.6 | 8.0 | 14.6 |
| Change | | | 6.6 |

Delivery Time



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 11.5 | 8.0 | 3.5 |
| Apr | 13.1 | 5.8 | 7.3 |
| Change | | | 3.8 |

Inventories



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 22.1 | 16.8 | 5.3 |
| Apr | 30.7 | 16.8 | 13.9 |
| Change | | | 8.6 |

Forward-Looking Indicators, *continued*

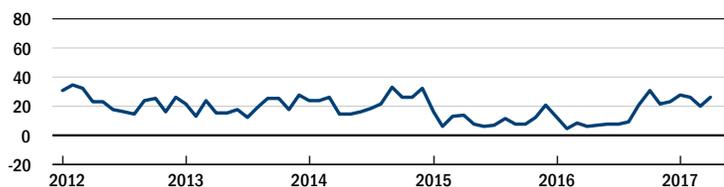
Expectations Six Months Ahead

Prices Paid



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 46.0 | 4.4 | 41.6 |
| Apr | 42.3 | 5.1 | 37.2 |
| Change | | | -4.4 |

Prices Received



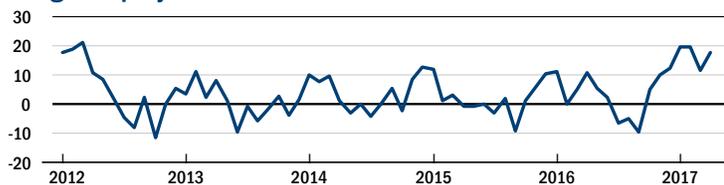
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 31.0 | 11.5 | 19.5 |
| Apr | 29.9 | 4.4 | 25.5 |
| Change | | | 6.0 |

Number of Employees



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 24.8 | 10.6 | 14.2 |
| Apr | 33.6 | 13.9 | 19.7 |
| Change | | | 5.5 |

Average Employee Workweek



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 17.7 | 6.2 | 11.5 |
| Apr | 24.1 | 6.6 | 17.5 |
| Change | | | 6.0 |

Capital Expenditures



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 31.0 | 7.1 | 23.9 |
| Apr | 34.3 | 6.6 | 27.7 |
| Change | | | 3.8 |

Technology Spending



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Mar | 16.8 | 8.8 | 8.0 |
| Apr | 21.9 | 6.6 | 15.3 |
| Change | | | 7.3 |

Note: Data are seasonally adjusted.