

Empire State Manufacturing Survey

Note: Survey responses were collected between April 2 and April 10.

Business activity plunged in New York State, according to firms responding to the April 2020 *Empire State Manufacturing Survey*. The headline general business conditions index plummeted fifty-seven points to -78.2, its lowest level in the history of the survey—by a wide margin. New orders and shipments declined at a record pace. Delivery times lengthened, and inventories fell. Employment levels and the average workweek both contracted at a record pace. Input price increases slowed considerably, while selling prices declined modestly. Though current conditions were extremely weak, firms expected conditions to be slightly better six months from now.

Activity Declines at a Historic Pace

Manufacturing firms in New York State reported that business activity declined dramatically in early April. The general business conditions index

fell fifty-seven points to -78.2, its largest point drop to its lowest level on record. By way of comparison, the lowest level this indicator had reached prior to April was -34.3 during the Great Recession. Seven percent reported that conditions improved over the month, while 85 percent reported that conditions had worsened. The new orders index fell fifty-seven points to -66.3, and the shipments index dropped sixty-six points to -68.1, indicating a sharp decline in both orders and shipments. Delivery times were longer and inventories were modestly lower.

Input Price Increases Slow as Selling Prices Decline

Labor market indicators were extremely weak. The index for number of employees fell fifty-four points to -55.3, with nearly 60 percent of respondents indicating lower employment levels. The average

workweek index fell to -61.6, with 65 percent reporting shorter workweeks. The prices paid index fell nineteen points to 5.8, indicating a slowing in input price increases, while the prices received index fell to -8.4, pointing to a decline in selling prices for the first time since 2016.

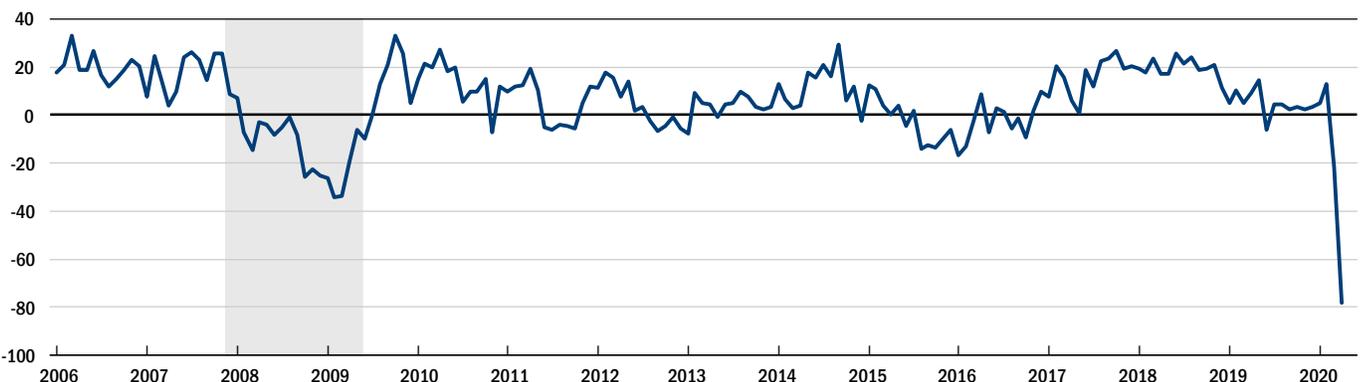
Firms Expect Little Improvement

Firms anticipate only a small improvement in business conditions over the next six months. The index for future business conditions edged up six points to 7.0. The indexes for future new orders and future shipments declined, but remained positive, suggesting that firms expect orders and shipments to be modestly higher in six months compared with this month's levels. The capital expenditures and technology spending indexes both fell to -11.0, a sign that firms planned to reduce both kinds of spending. ■

General Business Conditions

Seasonally Adjusted

Diffusion Index

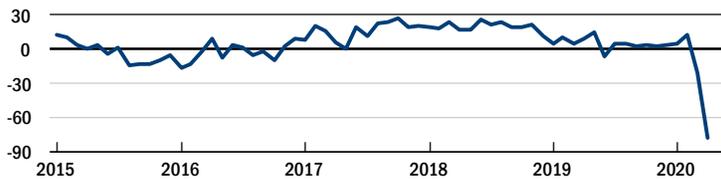


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

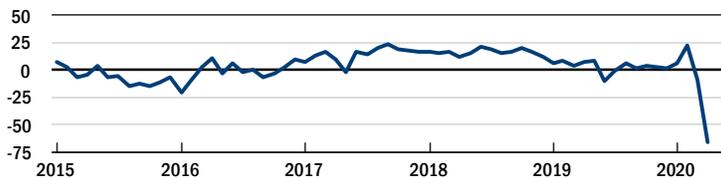
Change from Preceding Month

General Business Conditions



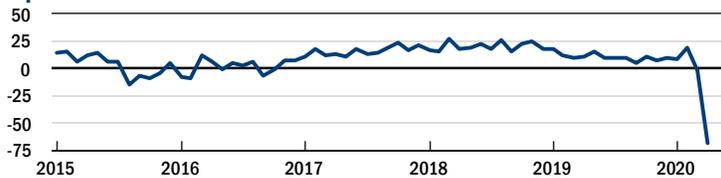
	Percent Reporting		Index
	Higher	Lower	
Mar	20.0	41.6	-21.5
Apr	7.0	85.2	-78.2
Change			-56.7

New Orders



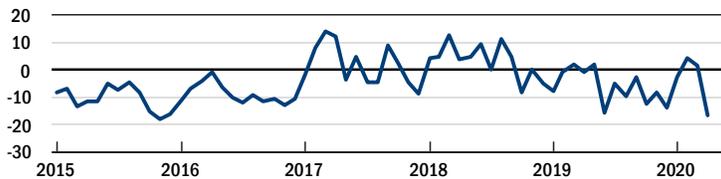
	Percent Reporting		Index
	Higher	Lower	
Mar	24.3	33.5	-9.3
Apr	10.3	76.6	-66.3
Change			-57.0

Shipments



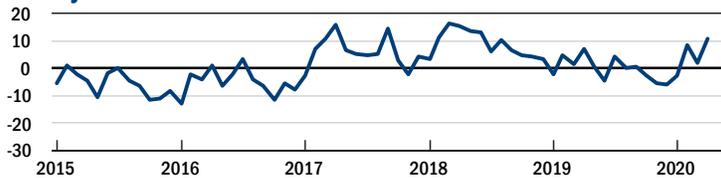
	Percent Reporting		Index
	Higher	Lower	
Mar	29.9	31.6	-1.7
Apr	7.4	75.5	-68.1
Change			-66.4

Unfilled Orders



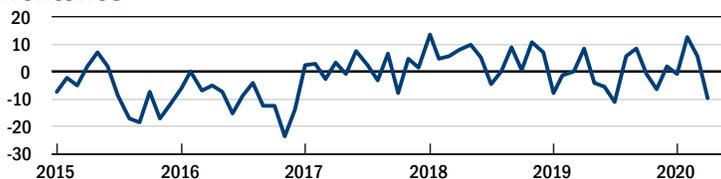
	Percent Reporting		Index
	Higher	Lower	
Mar	17.3	15.8	1.4
Apr	18.1	34.8	-16.8
Change			-18.2

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Mar	12.2	10.1	2.2
Apr	32.3	21.3	11.0
Change			8.8

Inventories

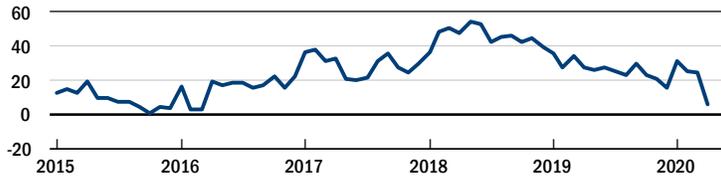


	Percent Reporting		Index
	Higher	Lower	
Mar	25.2	19.4	5.8
Apr	24.5	34.2	-9.7
Change			-15.5

Current Indicators, *continued*

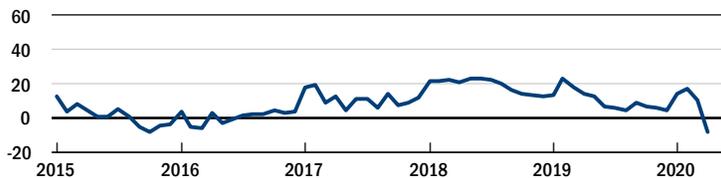
Change from Preceding Month

Prices Paid



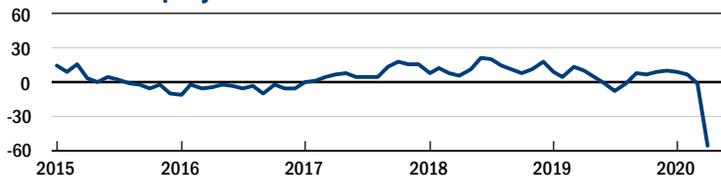
	Percent Reporting		Index
	Higher	Lower	
Mar	26.6	2.2	24.5
Apr	16.1	10.3	5.8
Change			-18.7

Prices Received



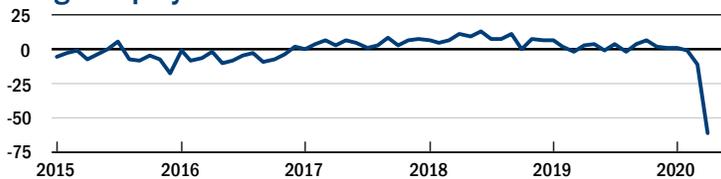
	Percent Reporting		Index
	Higher	Lower	
Mar	15.1	5.0	10.1
Apr	5.2	13.5	-8.4
Change			-18.5

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Mar	15.1	16.6	-1.5
Apr	3.3	58.6	-55.3
Change			-53.8

Average Employee Workweek



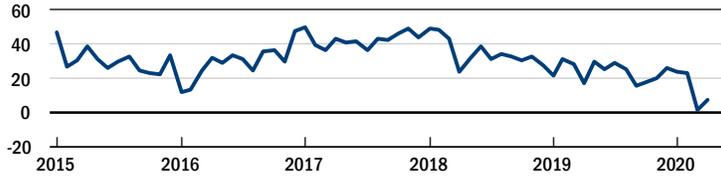
	Percent Reporting		Index
	Higher	Lower	
Mar	10.7	21.3	-10.6
Apr	3.1	64.7	-61.6
Change			-51.0

Note: Data are seasonally adjusted.

Forward-Looking Indicators

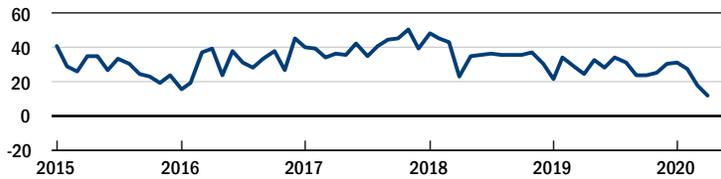
Expectations Six Months Ahead

General Business Conditions



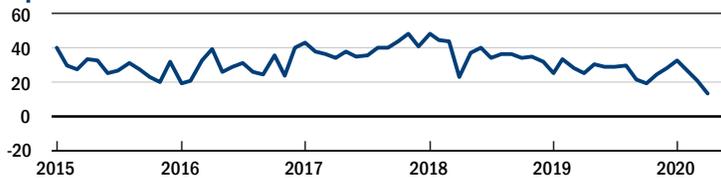
	Percent Reporting		Index
	Higher	Lower	
Mar	37.9	36.7	1.2
Apr	48.6	41.6	7.0
Change			5.8

New Orders



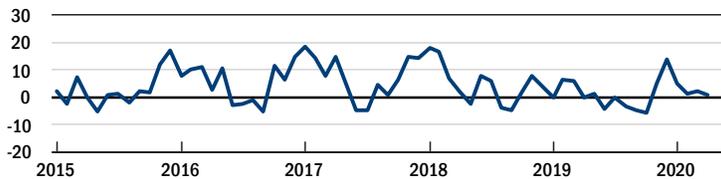
	Percent Reporting		Index
	Higher	Lower	
Mar	46.2	28.6	17.6
Apr	49.5	37.8	11.7
Change			-5.9

Shipments



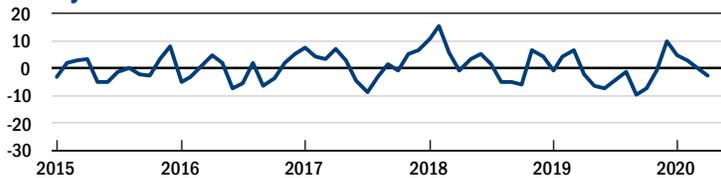
	Percent Reporting		Index
	Higher	Lower	
Mar	43.8	23.4	20.5
Apr	49.3	36.2	13.1
Change			-7.4

Unfilled Orders



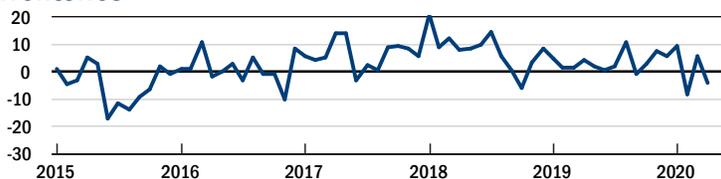
	Percent Reporting		Index
	Higher	Lower	
Mar	17.3	15.1	2.2
Apr	26.0	25.3	0.6
Change			-1.6

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Mar	12.9	12.9	0.0
Apr	20.8	23.4	-2.6
Change			-2.6

Inventories

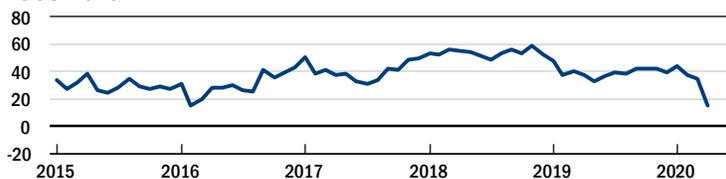


	Percent Reporting		Index
	Higher	Lower	
Mar	25.2	19.4	5.8
Apr	26.6	30.5	-3.9
Change			-9.7

Forward-Looking Indicators, *continued*

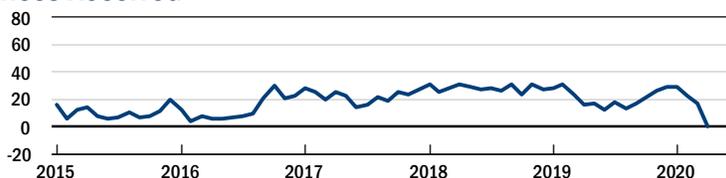
Expectations Six Months Ahead

Prices Paid



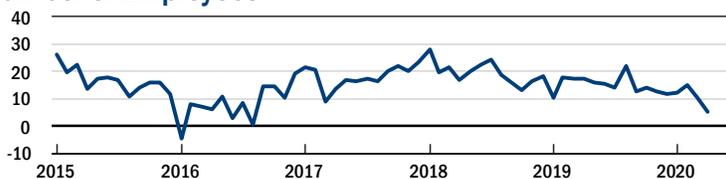
	Percent Reporting		Index
	Higher	Lower	
Mar	38.1	3.6	34.5
Apr	27.3	12.3	14.9
Change			-19.6

Prices Received



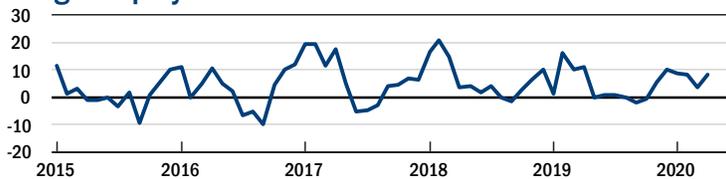
	Percent Reporting		Index
	Higher	Lower	
Mar	24.5	7.2	17.3
Apr	12.3	11.7	0.6
Change			-16.7

Number of Employees



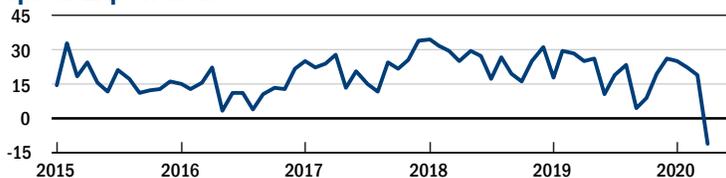
	Percent Reporting		Index
	Higher	Lower	
Mar	24.1	13.9	10.2
Apr	32.2	27.1	5.2
Change			-5.0

Average Employee Workweek



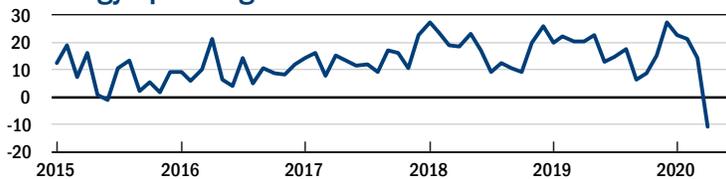
	Percent Reporting		Index
	Higher	Lower	
Mar	16.5	12.9	3.6
Apr	35.7	27.3	8.4
Change			4.8

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Mar	33.1	14.4	18.7
Apr	22.6	33.5	-11.0
Change			-29.7

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Mar	25.2	10.8	14.4
Apr	17.4	28.4	-11.0
Change			-25.4

Note: Data are seasonally adjusted.