

Empire State Manufacturing Survey

Business activity continued to grow strongly in New York State, according to firms responding to the June 2018 *Empire State Manufacturing Survey*. The headline general business conditions index climbed five points to 25.0, indicating a faster pace of growth than in May. Both the new orders index and the shipments index showed ongoing solid growth, with the former rising five points to 21.3 and the latter moving up four points to 23.5. Delivery times continued to lengthen, and inventories edged higher. Labor market indicators pointed to a substantial increase in employment and longer workweeks. The prices paid index remained close to last month's multiyear high, indicating continued significant input price increases, and the prices received index remained elevated. Looking ahead, firms were more optimistic about the six-month outlook than they were last month.

Business Activity Continues to Expand
Manufacturing firms in New York State reported that business activity expanded at a faster pace than in May. The general business conditions index rose five points to 25.0, its highest level in several months. Thirty-eight percent of respondents reported that conditions had improved over the month, while 13 percent reported that conditions had worsened. The new orders index advanced five points to 21.3 and the shipments index rose four points to 23.5—readings that reflected strong growth. Unfilled orders increased, inventories edged higher, and delivery times continued to lengthen.

Hiring Picks Up

The index for number of employees climbed ten points to 19.0, its highest level thus far in 2018, pointing to a pickup in employment levels.

The average workweek index was little changed at 12.0, indicating an increase in hours worked. Price increases remained elevated. The prices paid index was little changed from last month's multiyear high, and the prices received index held steady at 23.3, suggesting ongoing moderate selling price increases.

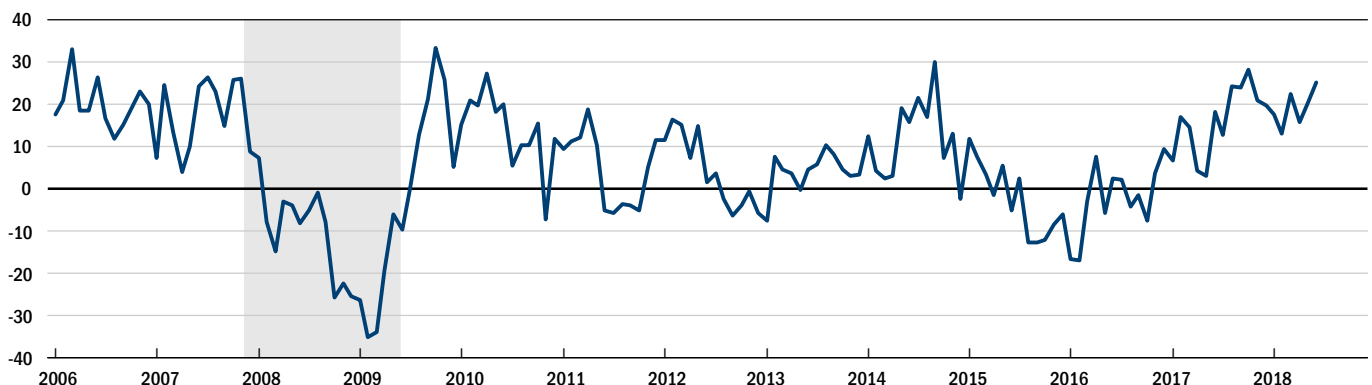
Firms More Optimistic

After slipping in April, optimism about the six-month outlook increased for a second consecutive month. The index for future business conditions climbed eight points to 38.9. Employment was expected to increase in the months ahead, and the indexes for future prices remained elevated. The capital expenditures index edged down two points to 27.1, and the technology spending index fell six points to 17.1. ■

General Business Conditions

Seasonally Adjusted

Diffusion Index

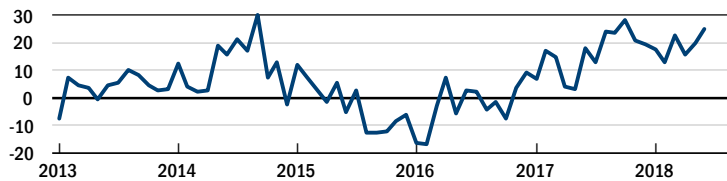


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

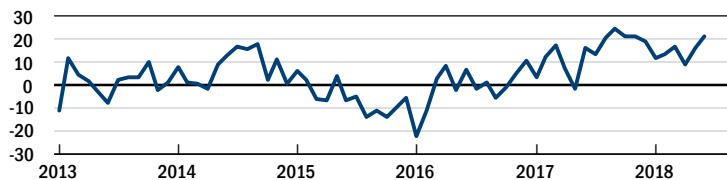
Change from Preceding Month

General Business Conditions



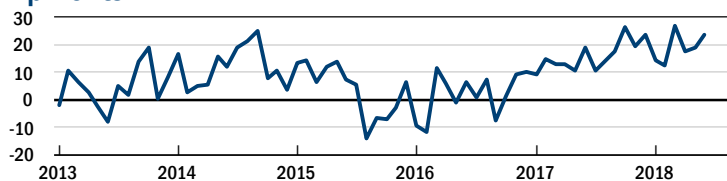
	Percent Reporting		Index
	Higher	Lower	
May	40.1	20.0	20.1
Jun	37.7	12.7	25.0
Change			4.9

New Orders



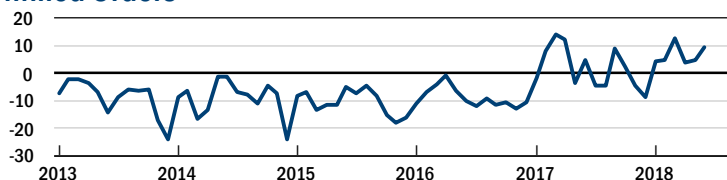
	Percent Reporting		Index
	Higher	Lower	
May	36.7	20.7	16.0
Jun	38.3	17.0	21.3
Change			5.3

Shipments



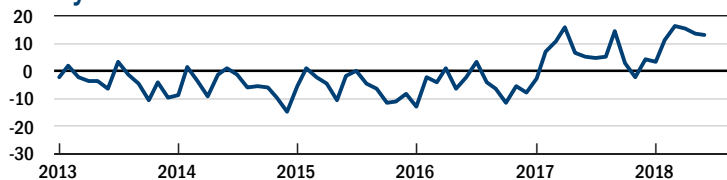
	Percent Reporting		Index
	Higher	Lower	
May	41.5	22.4	19.1
Jun	39.6	16.1	23.5
Change			4.4

Unfilled Orders



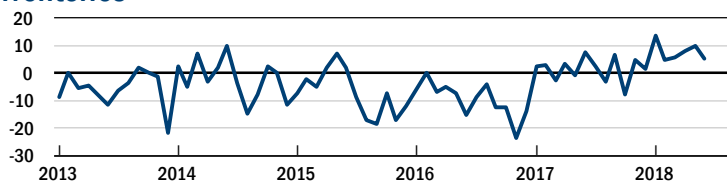
	Percent Reporting		Index
	Higher	Lower	
May	18.7	13.7	5.0
Jun	22.5	13.2	9.3
Change			4.3

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
May	20.9	7.2	13.7
Jun	24.0	10.9	13.2
Change			-0.5

Inventories

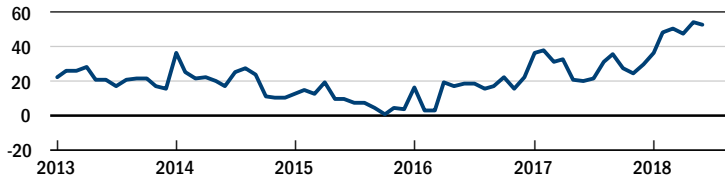


	Percent Reporting		Index
	Higher	Lower	
May	22.3	12.2	10.1
Jun	22.5	17.1	5.4
Change			-4.7

Current Indicators, *continued*

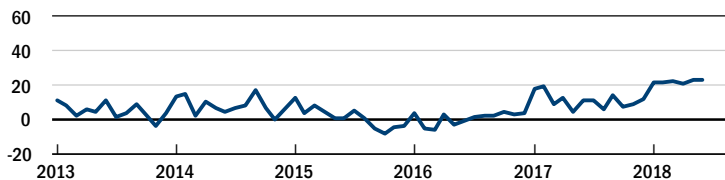
Change from Preceding Month

Prices Paid



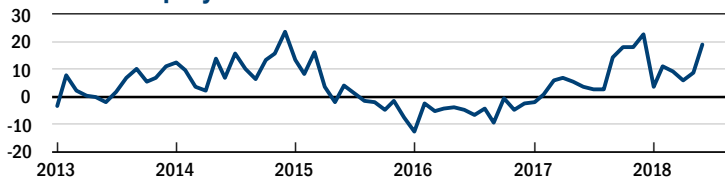
	Percent Reporting		Index
	Higher	Lower	
May	56.1	2.2	54.0
Jun	54.3	1.6	52.7
Change			-1.3

Prices Received



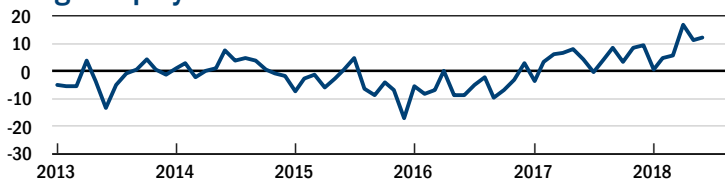
	Percent Reporting		Index
	Higher	Lower	
May	28.1	5.0	23.0
Jun	26.4	3.1	23.3
Change			0.3

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
May	18.2	9.5	8.7
Jun	24.1	5.2	19.0
Change			10.3

Average Employee Workweek



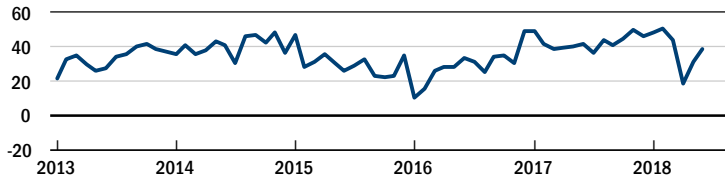
	Percent Reporting		Index
	Higher	Lower	
May	18.6	7.5	11.1
Jun	22.0	10.0	12.0
Change			0.9

Note: Data are seasonally adjusted.

Forward-Looking Indicators

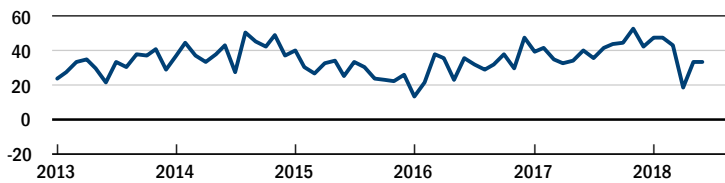
Expectations Six Months Ahead

General Business Conditions



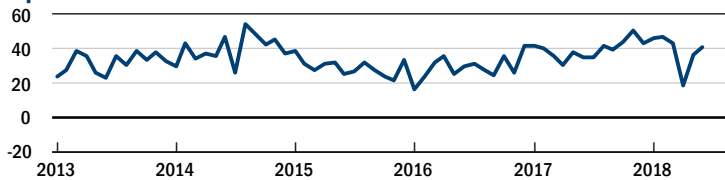
	Percent Reporting		Index
	Higher	Lower	
May	44.3	13.2	31.1
Jun	50.2	11.4	38.9
Change			7.8

New Orders



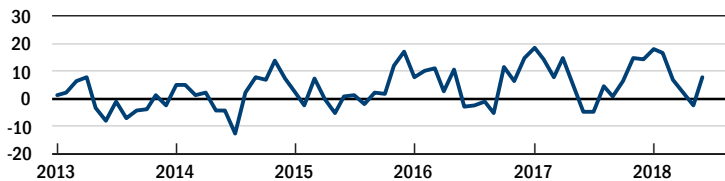
	Percent Reporting		Index
	Higher	Lower	
May	45.6	11.9	33.7
Jun	47.7	14.3	33.4
Change			-0.3

Shipments



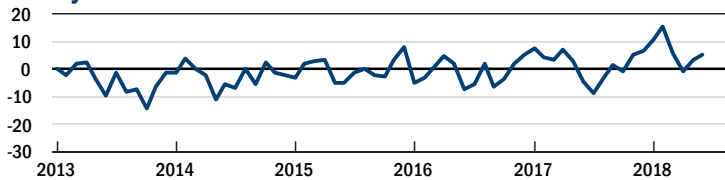
	Percent Reporting		Index
	Higher	Lower	
May	49.9	13.4	36.5
Jun	53.4	12.8	40.7
Change			4.2

Unfilled Orders



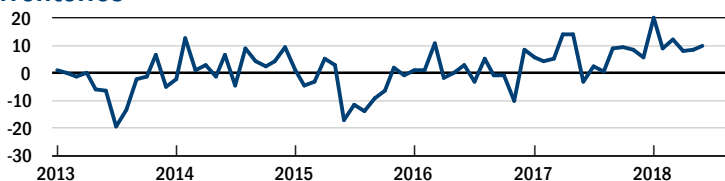
	Percent Reporting		Index
	Higher	Lower	
May	12.9	15.1	-2.2
Jun	17.8	10.1	7.8
Change			10.0

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
May	15.8	12.2	3.6
Jun	17.8	12.4	5.4
Change			1.8

Inventories

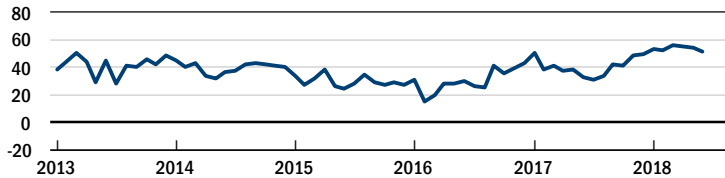


	Percent Reporting		Index
	Higher	Lower	
May	26.6	18.0	8.6
Jun	24.8	14.7	10.1
Change			1.5

Forward-Looking Indicators, *continued*

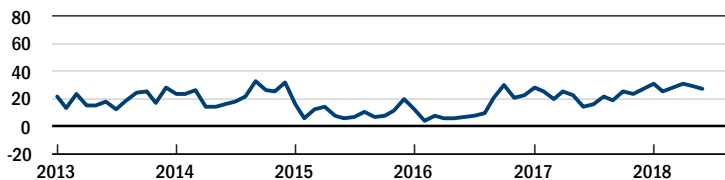
Expectations Six Months Ahead

Prices Paid



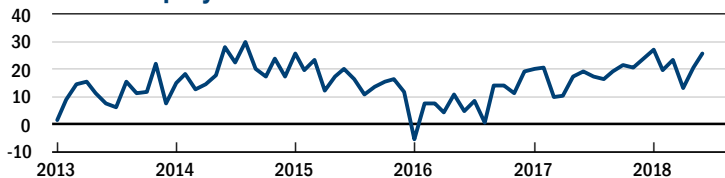
	Percent Reporting		Index
	Higher	Lower	
May	56.8	2.9	54.0
Jun	54.3	3.1	51.2
Change			-2.8

Prices Received



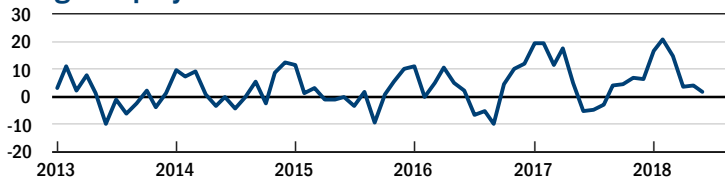
	Percent Reporting		Index
	Higher	Lower	
May	34.5	5.0	29.5
Jun	33.3	6.2	27.1
Change			-2.4

Number of Employees



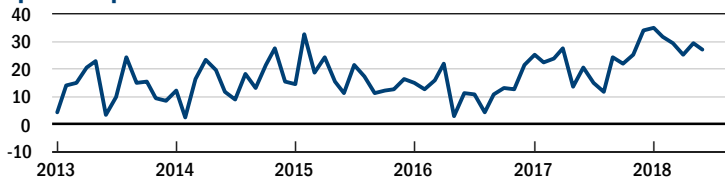
	Percent Reporting		Index
	Higher	Lower	
May	30.3	9.5	20.8
Jun	36.2	10.2	25.9
Change			5.1

Average Employee Workweek



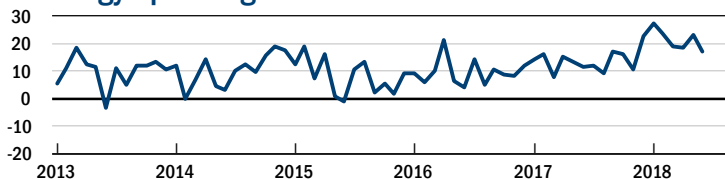
	Percent Reporting		Index
	Higher	Lower	
May	14.4	10.1	4.3
Jun	16.3	14.7	1.6
Change			-2.7

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
May	36.0	6.5	29.5
Jun	33.3	6.2	27.1
Change			-2.4

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
May	28.1	5.0	23.0
Jun	21.7	4.7	17.1
Change			-5.9

Note: Data are seasonally adjusted.