

Empire State Manufacturing Survey

The July 2016 *Empire State Manufacturing Survey* indicates that business activity flattened out for New York manufacturers. The headline general business conditions index fell five points to 0.6. The new orders index and the shipments index both fell to levels not far from zero—a sign that orders and shipments were little changed. Labor market indicators pointed to a small decline in employment levels and hours worked. The prices paid index held steady at 18.7, suggesting that moderate input price increases were continuing, and the prices received index held near zero, indicating that selling prices remained steady. Firms were less optimistic about future conditions compared to last month.

Business Activity Levels Off

Business activity was flat for New York manufacturing firms over the last month. The general business conditions index has been in a seesaw pattern around zero for the past several months. After rising above zero last month, the index fell back five points to 0.6. Thirty-one percent of respondents reported that conditions had improved over the month, while 30 percent reported that conditions had worsened. The new orders index fell thirteen points to -1.8, suggesting that orders were little changed. Similarly, the shipments index fell nine points to 0.7, indicating that shipments were relatively unchanged. The unfilled orders index edged down to -12.1, and the delivery time index

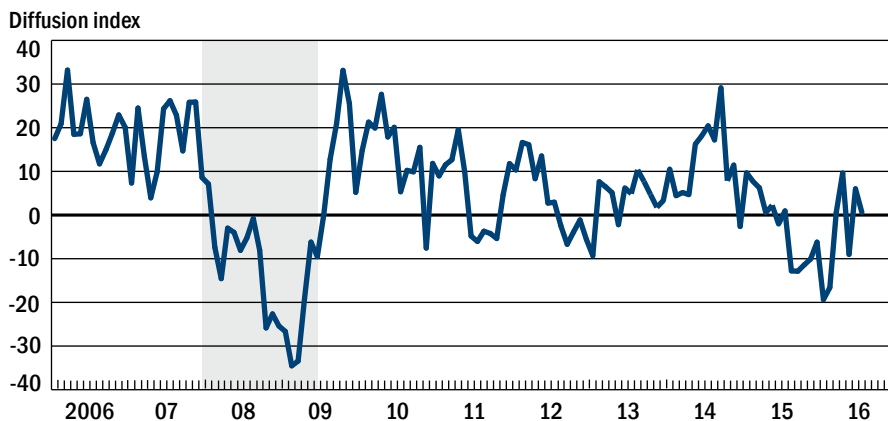
moved up to 3.3. The inventories index remained negative at -8.8, indicating that firms continued to draw down inventories in July.

Employment Levels Recede

Labor market conditions worsened. The employment index dropped four points to -4.4, pointing to a small decline in employment levels, and at -5.5, the average workweek index showed that hours worked moved lower. The prices paid index was little changed at 18.7, an indication that input prices continued to increase at a moderate pace. The prices received index edged up to 1.1, suggesting that selling prices held steady.

General Business Conditions

Seasonally Adjusted



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

Outlook Remains Positive, though Less So Than Last Month

Indexes for the six-month outlook suggested that respondents remained optimistic about future conditions, though to a lesser extent than in June. The index for future business conditions fell six points to 29.2, and indexes for future new orders and shipments were at similar levels. The index for future employment was near zero, suggesting that firms do not expect any change in employment levels in the months ahead—even so, the index for the expected average workweek fell into negative territory. The capital expenditures index was unchanged at 11.0, and the technology spending index jumped ten points to 14.3. ■

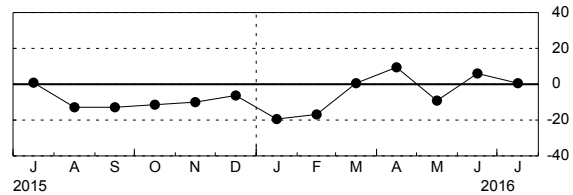
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	28.40	49.21	22.39	6.01
Jul	30.75	39.04	30.20	0.55

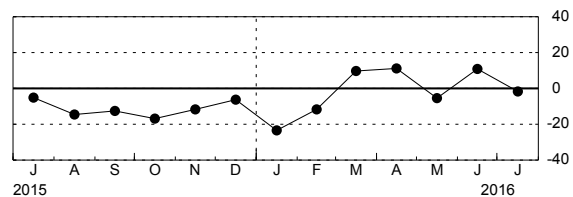
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	34.20	42.49	23.30	10.90
Jul	28.98	40.22	30.80	-1.82

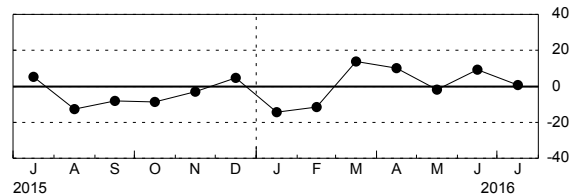
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	29.34	50.64	20.02	9.32
Jul	34.10	32.49	33.41	0.70

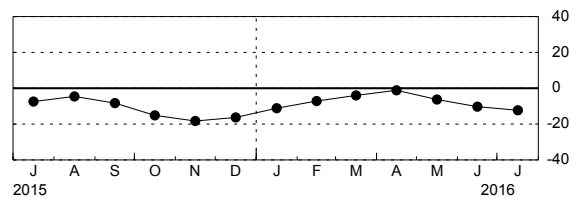
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	12.24	65.31	22.45	-10.20
Jul	13.19	61.54	25.27	-12.09

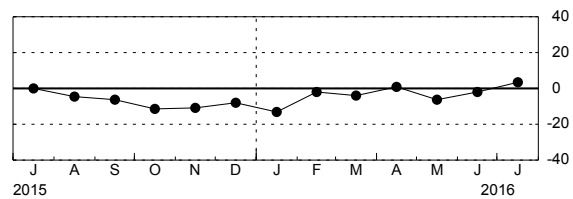
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	11.22	75.51	13.27	-2.04
Jul	12.09	79.12	8.79	3.30

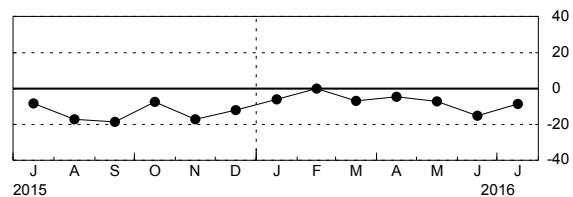
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	17.35	50.00	32.65	-15.31
Jul	19.78	51.65	28.57	-8.79

Inventories - Diffusion Index



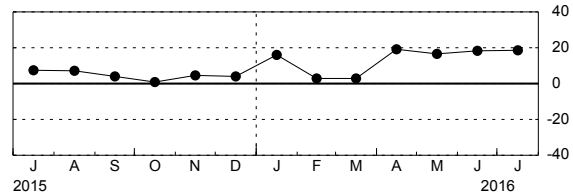
Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	22.45	73.47	4.08	18.37
Jul	23.08	72.53	4.40	18.68

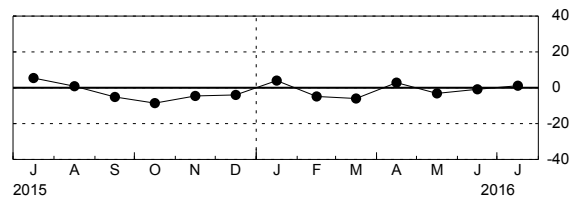
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	10.20	78.57	11.22	-1.02
Jul	10.99	79.12	9.89	1.10

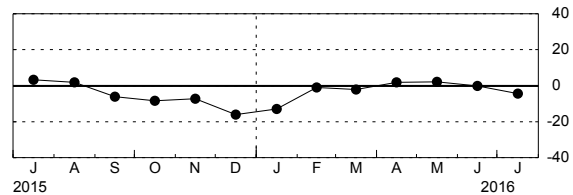
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	17.35	65.31	17.35	0.00
Jul	10.99	73.63	15.38	-4.40

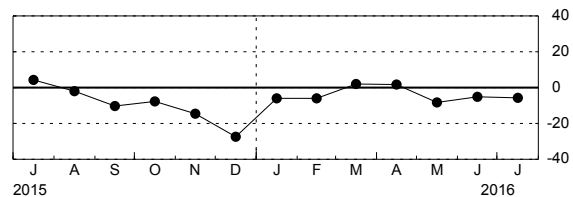
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	11.22	72.45	16.33	-5.10
Jul	12.09	70.33	17.58	-5.49

Average Employee Workweek - Diffusion Index



Note: Data are seasonally adjusted.

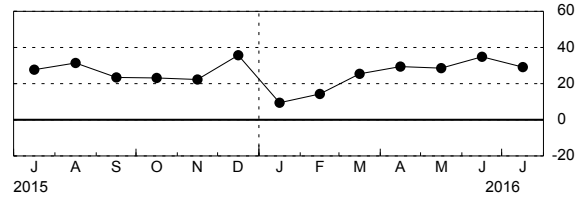
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	46.01	42.81	11.18	34.84
Jul	45.53	38.19	16.28	29.24

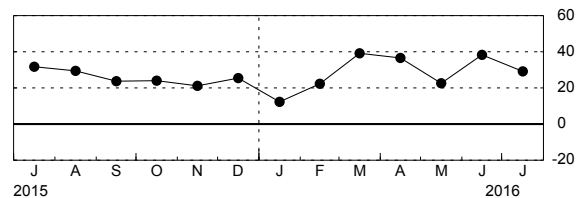
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	48.52	41.20	10.28	38.24
Jul	45.68	37.70	16.62	29.05

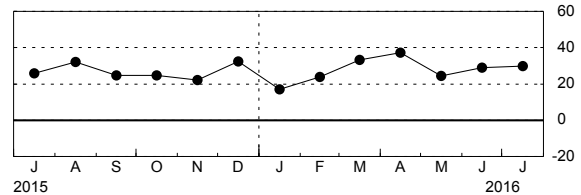
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	42.37	44.38	13.25	29.13
Jul	46.38	37.09	16.54	29.84

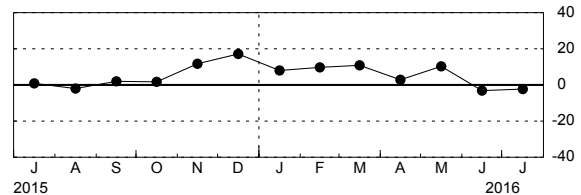
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	10.20	76.53	13.27	-3.06
Jul	13.19	71.43	15.38	-2.20

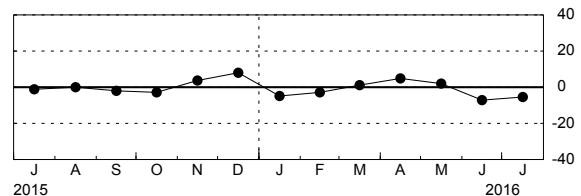
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	7.14	78.57	14.29	-7.14
Jul	6.59	81.32	12.09	-5.49

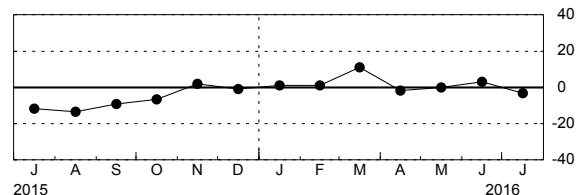
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	24.49	54.08	21.43	3.06
Jul	21.98	52.75	25.27	-3.30

Inventories - Diffusion Index



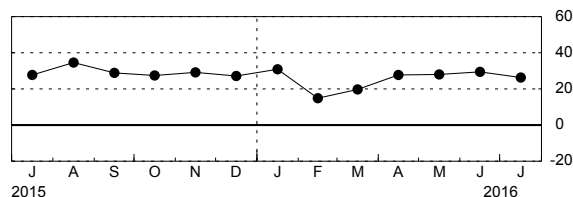
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	35.71	58.16	6.12	29.59
Jul	31.87	62.64	5.49	26.37

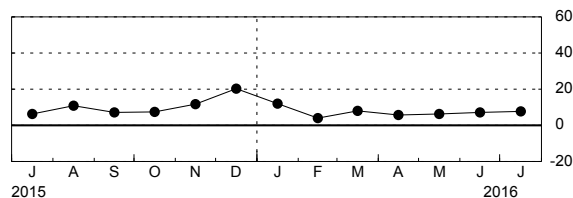
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	17.35	72.45	10.20	7.14
Jul	17.58	72.53	9.89	7.69

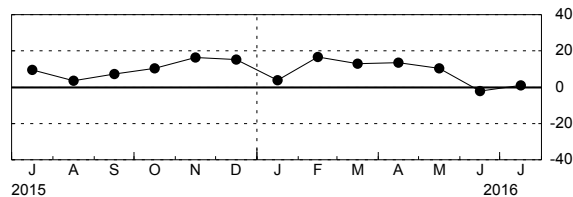
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	16.33	65.31	18.37	-2.04
Jul	23.08	54.95	21.98	1.10

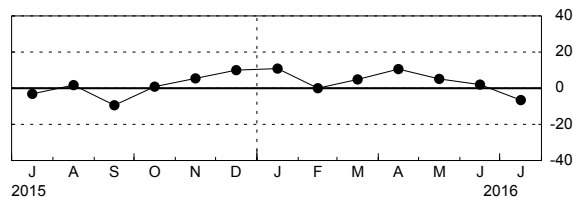
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	13.27	75.51	11.22	2.04
Jul	10.99	71.43	17.58	-6.59

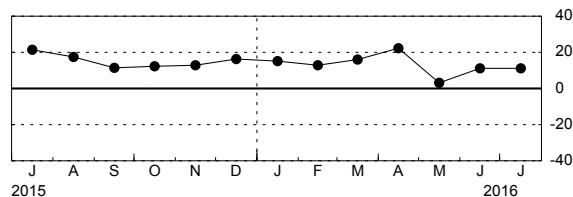
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	27.55	56.12	16.33	11.22
Jul	25.27	60.44	14.29	10.99

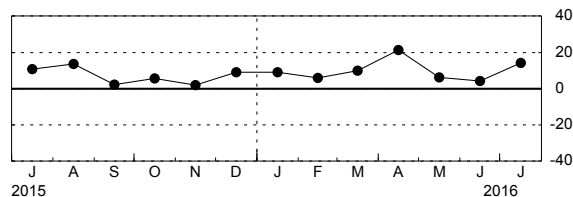
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	16.33	71.43	12.24	4.08
Jul	25.27	63.74	10.99	14.29

Technology Spending - Diffusion Index



Note: Data are seasonally adjusted.