

Supplemental Survey Report

Businesses See Increased Sales, Flat Employment for 2017; Service Firms Scale Back Sales Outlook for the Second Half

In a series of supplementary questions to the June 2017 *Empire State Manufacturing Survey* and *Business Leaders Survey*, businesses were asked how much their sales, employment levels, and capital spending had changed between the first half of 2016 and the first half of 2017 and how these measures had changed—or were likely to change—over the full respective calendar years. Businesses were also asked how their 2017 sales (revenue), hiring, and capital spending budgets were evolving relative to what had been expected at the beginning of this year. Parallel questions had been posed in surveys conducted in July 2016 and earlier.

In this year's survey, the median manufacturing respondent reported that sales in the first half of this year were up 4 percent from comparable 2016 levels and that the median projected gain for the full year was 5 percent.

The median service sector firm reported more modest gains of 1 percent for the first half and 3 percent for the full year. This result marks a reversal from last July's survey, when service firms had indicated moderate gains while manufacturers had reported flat sales, based on medians.

In assessing changes in staffing levels from the first half of 2016 to the first half of 2017, the median panelist in both surveys reported no change. In assessing prospects for the full year, the median manufacturer again indicated no change, while the median service sector business predicted a 1 percent increase. Capital spending for the first half of 2017 was reported to be unchanged from a year earlier by the median respondent in both surveys. For the full year, a median increase of 2 percent was expected by service firms, while manufacturers expected no change in capital spending.

Survey respondents were also asked if they had recently modified their sales (revenue) expectations for the second half of 2017. On balance, responses were neutral among manufacturers but fairly negative among service firms: 45 percent of service sector panelists reported that they had scaled back expectations, while 16 percent said that they had revised them upward. Among manufacturers, the proportion reporting upward revisions (34 percent) equaled the proportion reporting downward revisions

Businesses were also asked how their hiring and capital spending for 2017 have evolved relative to what they had planned at the beginning of the year. While the majority of businesses said that both have been going about as planned, the share of respondents reporting downward revisions exceeded the share reporting upward revisions. ■

Supplemental Survey Report, *continued*

QUESTION 1

Please estimate the percentage change in your firm's sales, number of employees, and capital spending from 2016 to 2017—both for the first half of the year and what you expect for the full year:

	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	June 2017		July 2016	
	Median Percentage Change from 2016 to 2017		Median Percentage Change from 2015 to 2016	
Total sales				
First half of year	4.0	1.0	0.0	4.0
Full year	5.0	3.0	0.0	3.5
Number of employees				
First half of year	0.0	0.0	0.0	0.0
Full year	0.0	1.0	0.0	0.0
Capital spending				
First half of year	0.0	0.0	0.0	0.0
Full year	0.0	2.0	0.0	0.0

QUESTION 2

In the past several months, to what extent have you modified your sales (revenue) expectations for the second half of the year?

	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	June 2017		July 2016	
	Percentage of Respondents		Percentage of Respondents	
Reduced substantially	4.8	2.8	17.2	7.0
Reduced somewhat	28.8	41.8	43.7	34.3
No change	32.8	39.7	23.0	39.2
Increased somewhat	28.0	14.9	14.9	16.1
Increased substantially	5.6	0.7	1.1	3.5

Supplemental Survey Report, *continued*

QUESTION 3

Relative to what you were planning at the beginning of this year, how have your actual hiring and capital spending proceeded thus far this year?

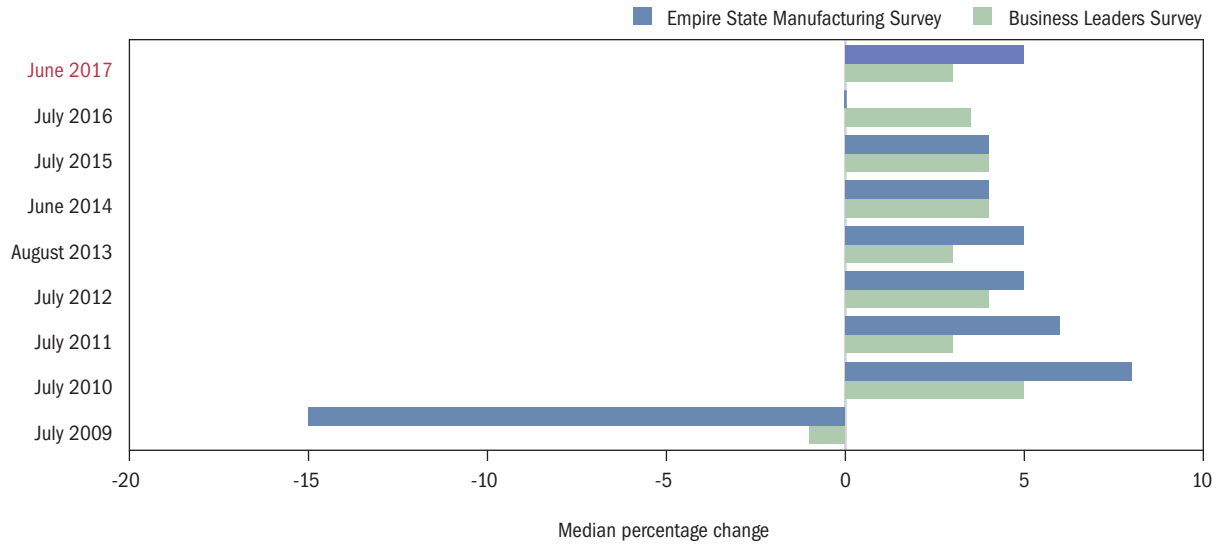
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
June 2017				
	Actual Hiring		Actual Capital Spending	
	Percentage of Respondents		Percentage of Respondents	
Much less than planned	6.3	5.7	5.6	3.5
Somewhat less than planned	20.6	17.1	15.9	16.3
About as planned	61.1	70.0	67.5	67.4
Somewhat more than planned	9.5	5.7	8.7	12.1
Much more than planned	2.4	1.4	2.4	0.7

Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 1A

Please estimate the percentage change in your firm's *sales* from last year to this year.

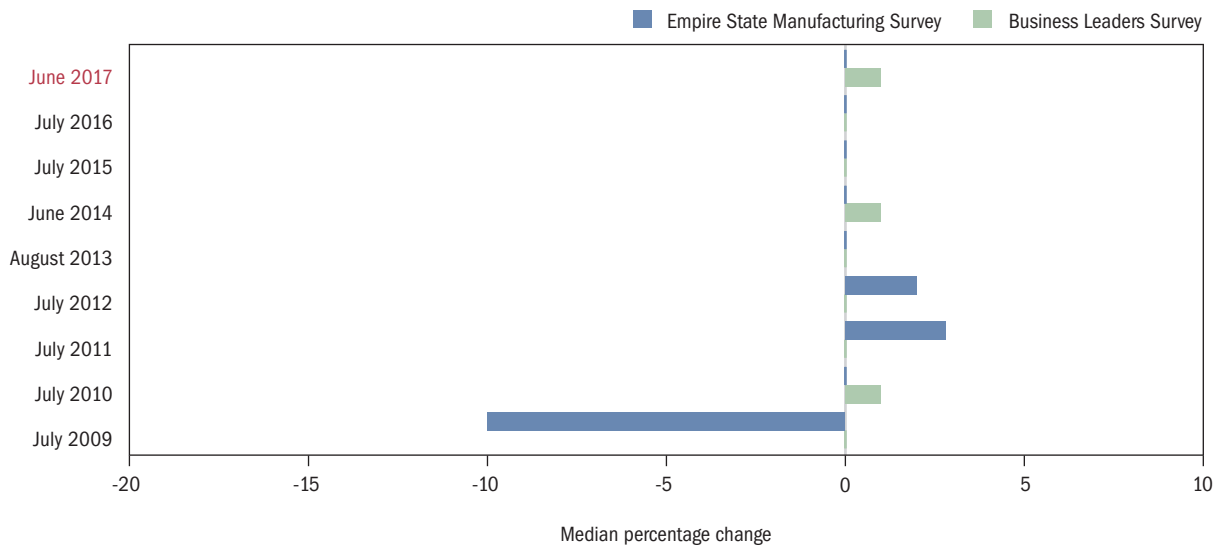
Survey Conducted in:



HISTORICAL OVERVIEW FOR QUESTION 1B

Please estimate the percentage change in your firm's *employment level* from last year to this year.

Survey Conducted in:



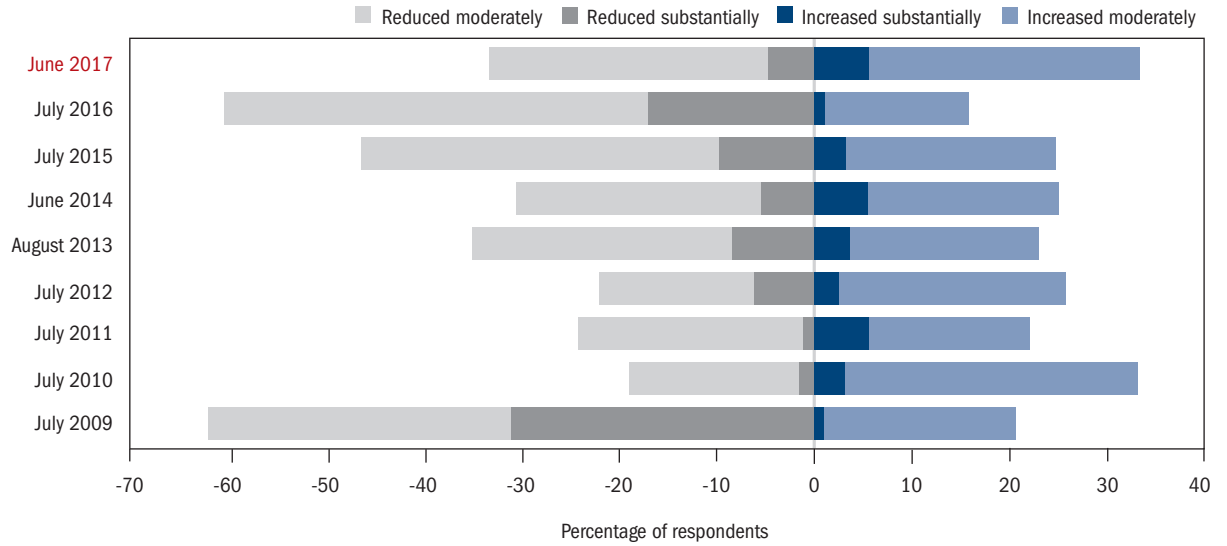
Notes: Manufacturers reported no change in their sales in July 2016; they reported no change in their employment level in June 2017, July 2016, July 2015, June 2014, August 2013, and July 2010. Service-sector firms reported no change in their employment level in July 2016, July 2015, August 2013, July 2012, July 2011, and July 2009.

Supplemental Survey Report, *continued*

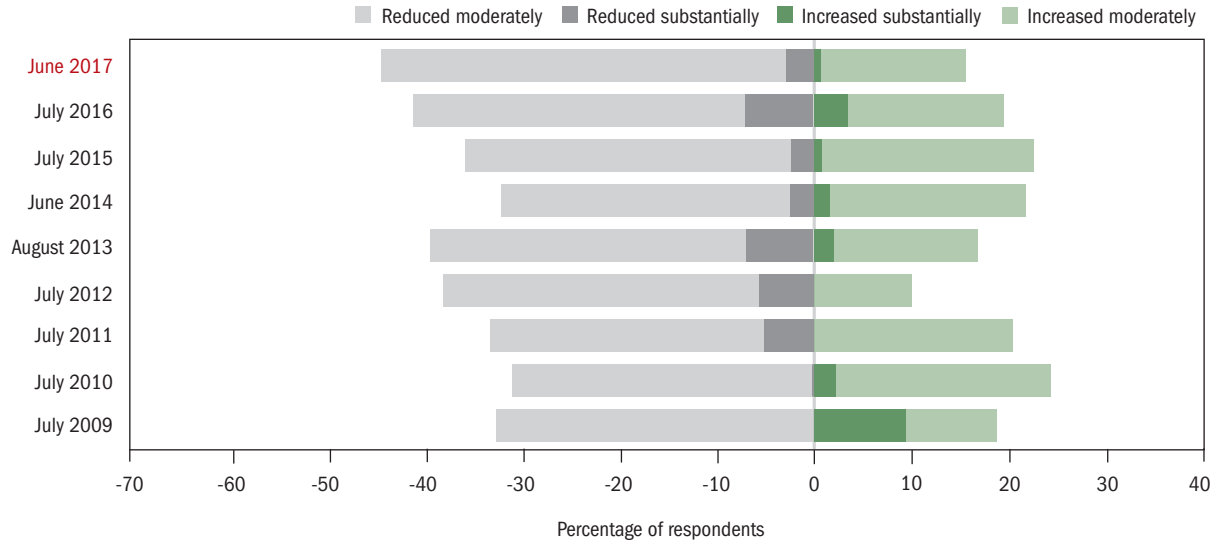
HISTORICAL OVERVIEW FOR QUESTION 2

To what extent have you modified your sales (revenue) expectations in recent months?

Empire State Manufacturing Survey



Business Leaders Survey



Note: In the July 2011 survey and its predecessors, manufacturers were asked about "production plans," as opposed to sales (revenue) expectations.