

July 2004

Empire State Manufacturing Survey



For release: July 15, 2004 8:30 a.m.

Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers improved substantially yet again in July. The general business conditions index rose to 36.5. Indexes for new orders, shipments, and unfilled orders were well above zero, indicating continued strengthening. Price indexes remained quite high; respondents reported ongoing escalation in prices paid and prices received, and voiced their expectation that this pattern would continue over the next six months. Employment indexes were consistent with expanded employment activity. Future indexes reflected sustained optimism, with future employment indexes continuing their steady upward climb of the past few months.

Business Conditions Exhibit Continued Strength

The general business conditions index rose several points from last month, reaching 36.5 – a level suggestive of significant improvement; July marks the fifteenth month this index has been positive. Forty-six percent of respondents said that conditions had improved, while 9 percent reported that conditions had worsened. The new orders index was 29.4, slightly above its June level. The shipments index, at 34.8, remained very close to its June level. The unfilled orders index increased modestly to 15.2, with 32 percent of respondents reporting a rise in unfilled orders – the highest percentage in more than two years.

The delivery time index was 6.0, a sixth consecutive positive value, with 15 percent reporting longer delivery times. The inventories index was also positive at 5.2.

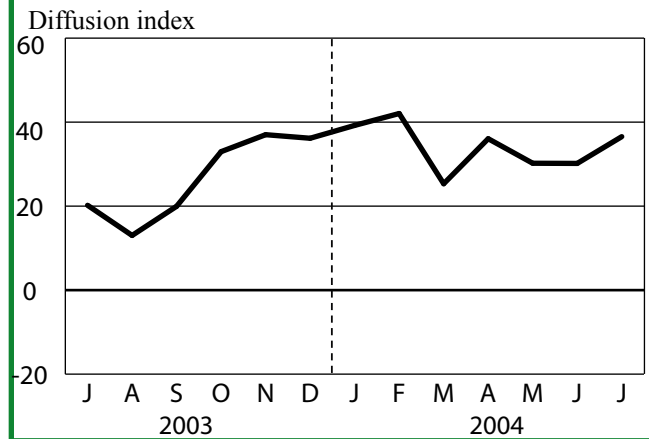
Prices Continue to Escalate

Price indexes indicated a continuing escalation in both prices paid and prices received. The prices paid index rose to 56.0, its fifth consecutive reading above 50. While 56 percent of respondents reported a rise in prices, none reported a decline, and 44 percent indicated that prices were unchanged. The prices received index was 19.0; 26 percent reported receiving higher prices and just 7 percent reported receiving lower prices.

Employment indexes were positive, as they have been for most of the past year. The number of employees index was 14.0, with roughly one-quarter of respondents indicating that they had increased employment and 14 percent indicating that they had reduced it. The average workweek index rose over 10 points to 23.5, with 35 percent reporting a longer workweek than in June.

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General Business Conditions



Six-Month Outlook Remains Bright

Future indexes continued to show strong optimism. The future indexes for general business conditions, new orders, and shipments were all above 50. After dipping earlier this year for several months, the future shipments index rose above 60, with 72 percent of respondents expecting shipments to be higher in six months. Future price indexes remained elevated; the future prices paid index was 51.7, and the future prices received index increased to a record-breaking high for a fourth month in a row, reaching 31.0. Future employment indexes advanced from their June levels – the future number of employees index rose to a new high of 36.7, with 44 percent of respondents expecting to employ more workers in six months. The capital expenditures index dropped slightly to 29.3, with 36 percent indicating plans to boost capital spending over the next six months.

Note:

Diffusion indexes are calculated for each indicator by subtracting the percent of respondents reporting the indicator lower from the previous month from those reporting the indicator higher. Thus positive values signify that more respondents report the indicator higher from the previous month than lower. Data are seasonally adjusted to control for seasonal variations.

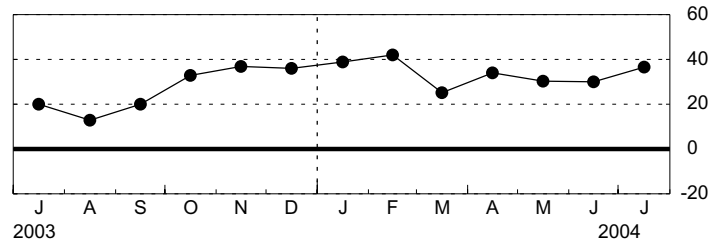
Empire State Manufacturing Survey, July 2004

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	43.65	42.64	13.71	29.93
Jul	45.82	44.90	9.28	36.54

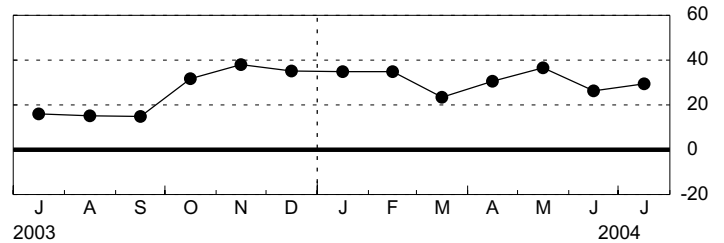
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	40.38	45.48	14.14	26.23
Jul	46.68	36.02	17.30	29.39

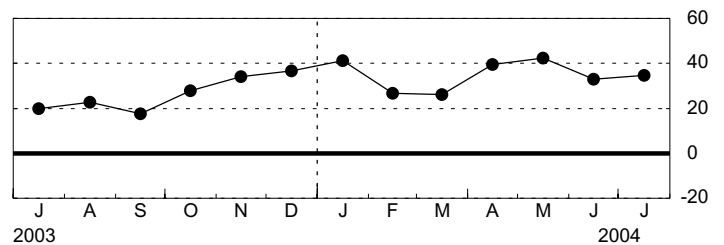
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	44.60	43.93	11.47	33.13
Jul	48.88	37.00	14.13	34.75

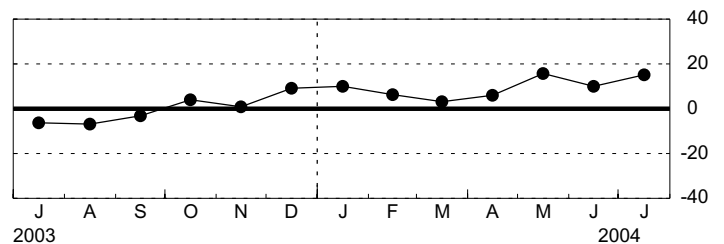
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	25.21	59.52	15.27	9.94
Jul	31.89	51.43	16.67	15.22

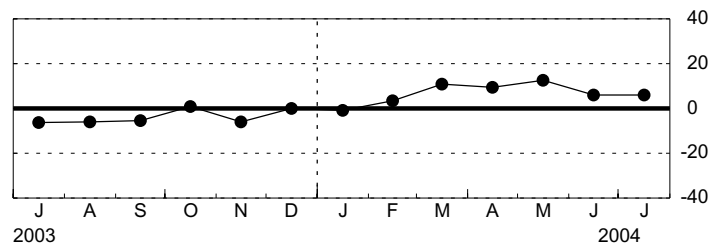
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	14.53	76.92	8.55	5.98
Jul	14.66	76.72	8.62	6.03

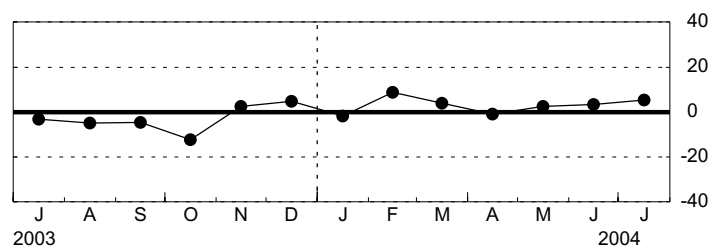
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	22.22	58.97	18.80	3.42
Jul	27.59	50.00	22.41	5.17

Inventories - Diffusion Index



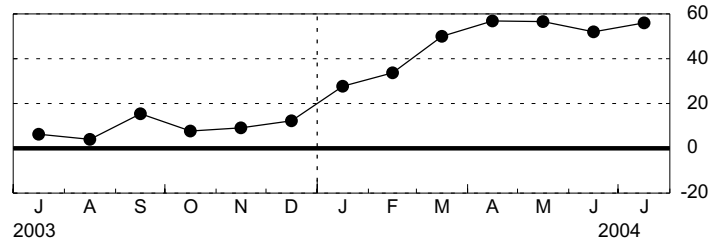
Empire State Manufacturing Survey, July 2004

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	52.99	46.15	0.85	52.14
Jul	56.03	43.96	0.00	56.03

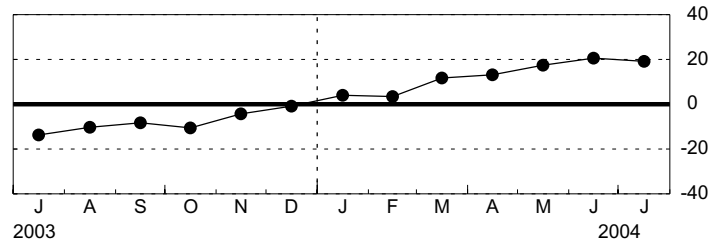
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	26.50	67.52	5.98	20.51
Jul	25.86	67.24	6.90	18.97

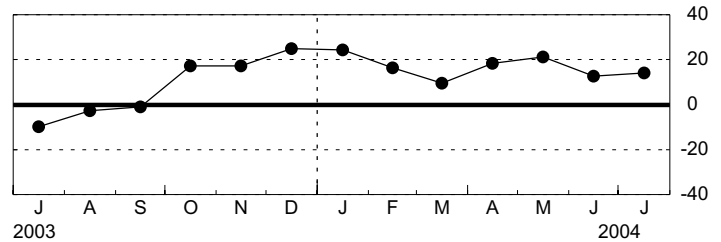
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	21.32	70.14	8.55	12.77
Jul	27.83	58.37	13.79	14.04

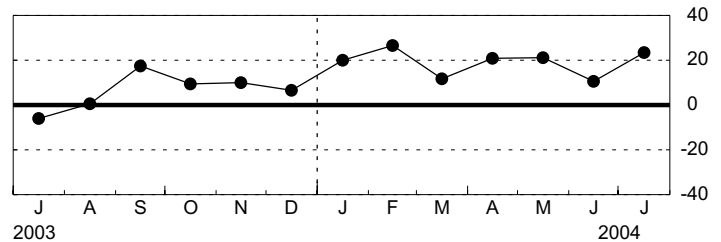
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	18.43	73.88	7.69	10.74
Jul	34.72	54.07	11.21	23.51

Average Employee Workweek - Diffusion Index



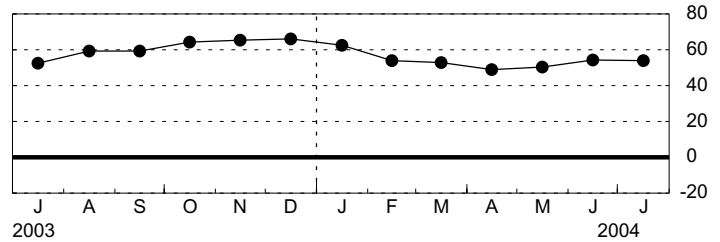
Empire State Manufacturing Survey, July 2004, Expectations Six Months Ahead

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	59.00	36.24	4.76	54.24
Jul	63.30	27.34	9.36	53.94

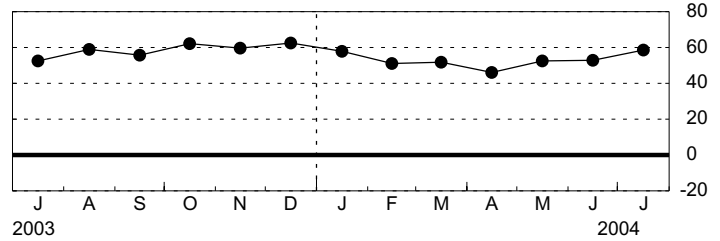
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	58.57	35.71	5.72	52.85
Jul	68.24	22.08	9.68	58.56

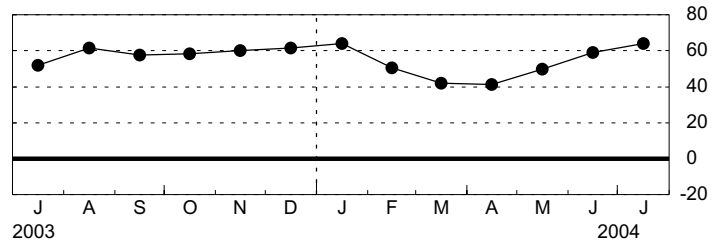
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	61.78	35.38	2.85	58.93
Jul	71.69	20.60	7.70	63.99

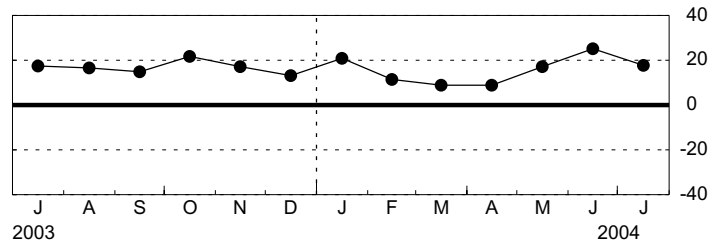
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	32.72	59.70	7.58	25.15
Jul	32.02	53.59	14.39	17.63

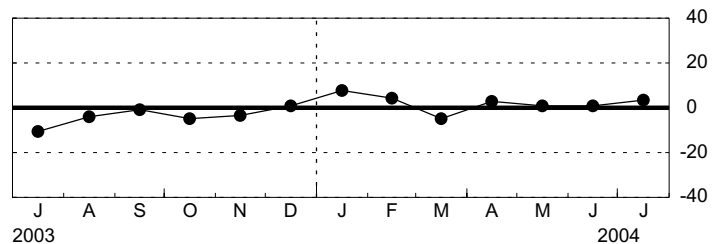
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	10.26	80.34	9.40	0.85
Jul	14.66	74.14	11.21	3.45

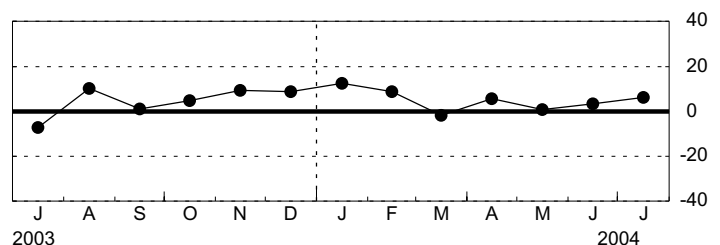
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	24.79	53.85	21.37	3.42
Jul	25.86	54.31	19.83	6.03

Inventories - Diffusion Index

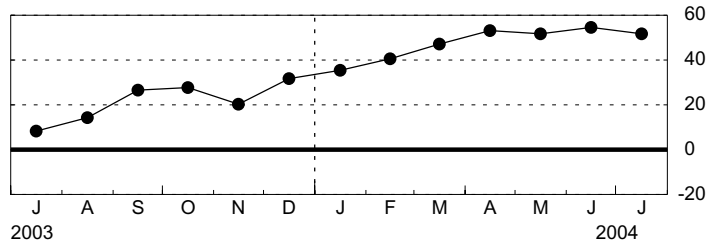


Empire State Manufacturing Survey, July 2004, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	58.97	36.75	4.27	54.70
Jul	55.17	41.38	3.45	51.72

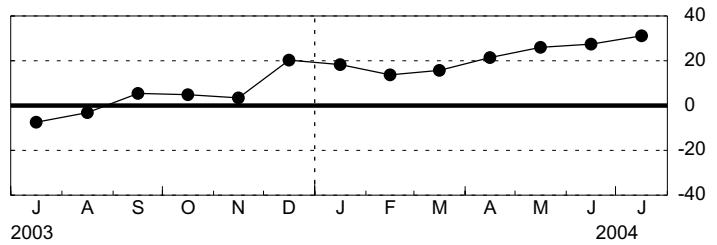
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	35.90	55.56	8.55	27.35
Jul	36.21	58.62	5.17	31.03

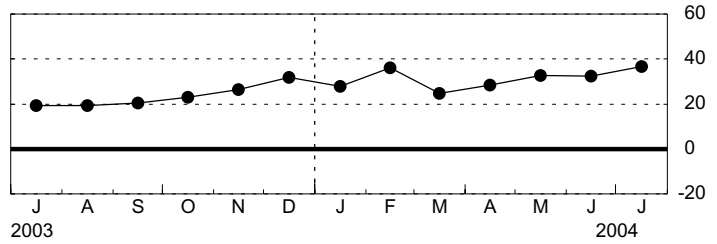
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	38.46	55.61	5.93	32.53
Jul	43.97	48.72	7.32	36.65

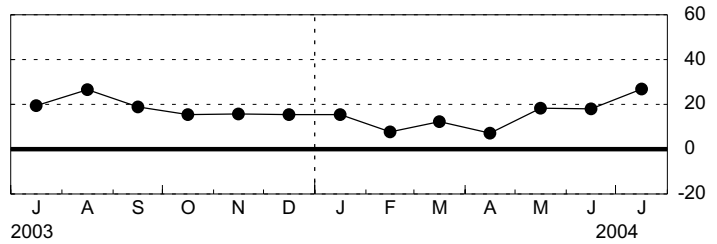
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	25.26	67.52	7.22	18.04
Jul	35.72	55.50	8.78	26.94

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	37.61	55.56	6.84	30.77
Jul	36.21	56.90	6.90	29.31

Capital Expenditures - Diffusion Index

