

# Empire State Manufacturing Survey

The September *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers continued to weaken. The general business conditions index slipped another five points to -10.4, its second consecutive negative reading. The new orders index fell nine points to -14.0, its third straight negative reading. Both of these measures reached their lowest levels in almost two years. The shipments index was little changed at 2.8. The prices paid index edged up to 19.2, suggesting moderate increases in input prices, while the prices received index hovered a little above zero for a fourth consecutive month. The index for number of employees fell noticeably but remained just above zero at 4.3, suggesting a slower

pace of hiring activity than in recent months. The average workweek index remained near zero. By contrast, indexes for the six-month outlook were mostly steady to somewhat higher than in August, suggesting modestly greater optimism about business conditions in the months ahead.

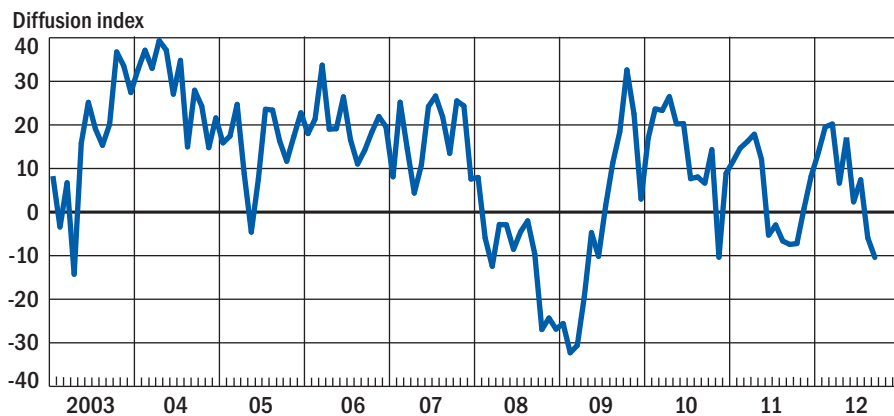
In a series of supplementary questions, manufacturers were asked about recent and expected changes in their selling prices. Firms, on average, indicated that the prices they charged had risen by about 1 percent over the past year and were expected to rise by just under 2 percent in the year ahead. Last September's survey pointed to similarly modest price increases.

## Business Conditions Weaken Further

In a sign that activity had declined for New York manufacturers over the month, the general business conditions index fell five points to -10.4—its lowest level since November 2010. Eighteen percent of respondents reported that conditions had improved, while 29 percent indicated that conditions had worsened. The new orders index fell nine points to -14.0, its third consecutive negative reading and its lowest reading since late 2010. The shipments index was down marginally for the month at 2.8, and the unfilled orders index slipped to -14.9. The delivery time index, however, rose more than nine points to 2.1—its first positive reading since April—indicating that delivery times lengthened slightly. The inventories index rose to zero, suggesting no change in inventory levels.

## General Business Conditions

Seasonally adjusted



## Selling Prices Hold Steady, Hiring Activity Slows

The prices paid index rose by slightly less than three points in September, to 19.2, suggesting continued modest price pressures. The prices received index edged up to 5.3—a rise of almost three points for the month, signaling

*Continued*

*Continued from page 1*

little change in selling prices. The index for number of employees fell more than twelve points to 4.3, its lowest level of the year, pointing to some pullback in hiring activity. The average workweek index edged down, remaining close to a neutral reading of zero.

### **Optimism Picks Up Somewhat**

Indexes for the six-month outlook were generally steady or higher in September than in August, suggesting some recovery in the

level of optimism. After falling for seven consecutive months, the future general business activity index climbed twelve points to 27.2. The expected new orders index rebounded nearly fifteen points to 17.0, and the future shipments index rose by a little less than five points to 12.8. The expected prices paid index rose to 40.4 but remained near the lower end of its recent range, and the future prices received index climbed to 23.4. Both of these measures were up

roughly nine points for the month. The index for expected number of employees rose five points to 8.5, suggesting that employment levels were expected to be only slightly higher in the months ahead, and the future average workweek index rebounded to 2.1—its first positive reading in three months. Finally, the capital expenditures index was virtually unchanged at 12.8, and the technology spending index edged up to 7.5. ■

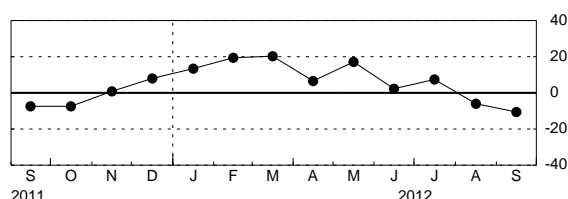
# Current Indicators

Change from Preceding Month

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	22.05	50.05	27.90	-5.85
Sep	18.40	52.78	28.81	-10.41

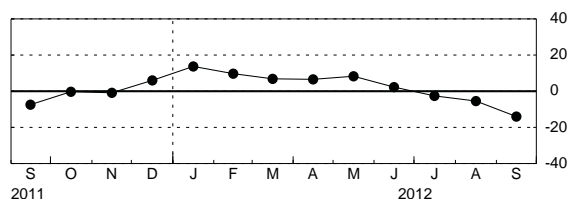
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	25.76	42.98	31.26	-5.50
Sep	18.19	49.59	32.22	-14.03

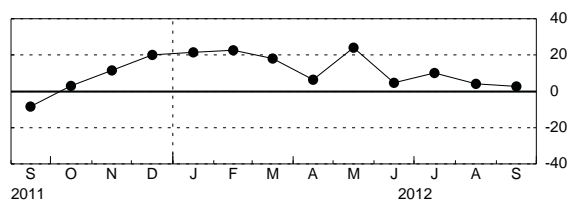
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	29.53	45.04	25.44	4.09
Sep	26.46	49.83	23.71	2.75

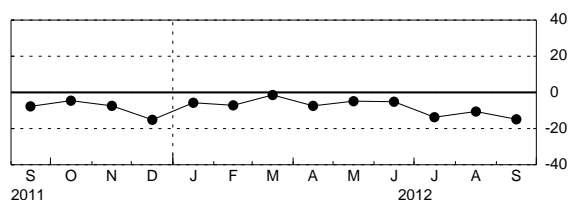
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	14.12	61.18	24.71	-10.59
Sep	9.57	65.96	24.47	-14.89

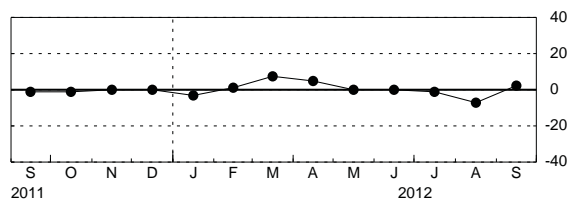
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	10.59	71.76	17.65	-7.06
Sep	11.70	78.72	9.57	2.13

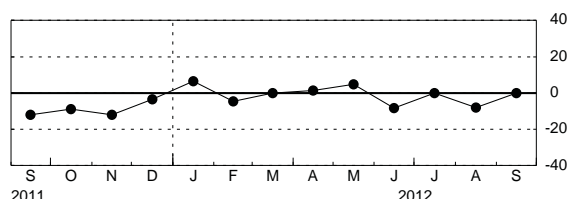
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	21.18	49.41	29.41	-8.24
Sep	20.21	59.57	20.21	0.00

Inventories - Diffusion Index



## Current Indicators, *continued*

### Change from Preceding Month

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	22.35	71.76	5.88	16.47
Sep	24.47	70.21	5.32	19.15

#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	11.76	78.82	9.41	2.35
Sep	12.77	79.79	7.45	5.32

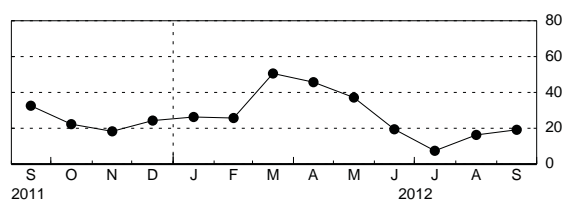
#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	24.71	67.06	8.24	16.47
Sep	19.15	65.96	14.89	4.26

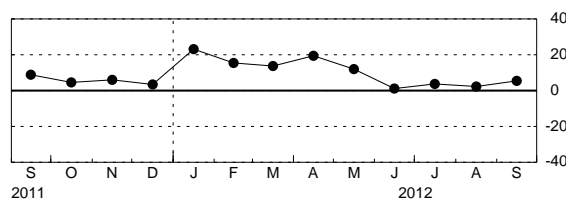
#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	15.29	72.94	11.76	3.53
Sep	11.70	75.53	12.77	-1.06

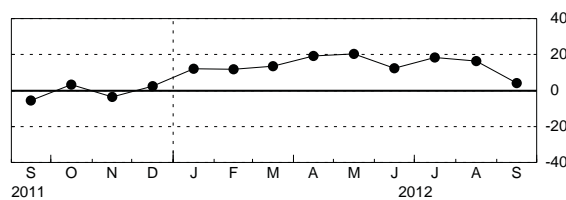
Prices Paid - Diffusion Index



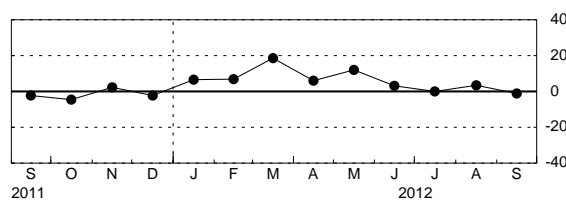
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

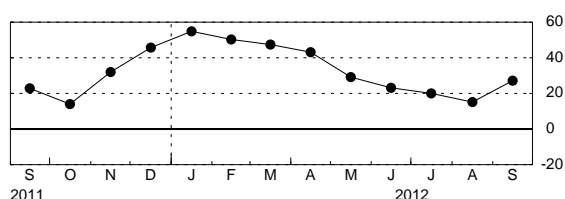
# Forward-Looking Indicators

Expectations Six Months Ahead

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	37.31	40.59	22.11	15.20
Sep	41.40	44.42	14.18	27.22

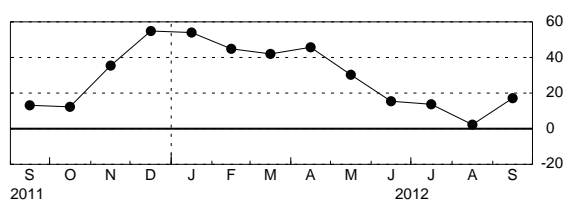
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	28.24	45.88	25.88	2.35
Sep	37.23	42.55	20.21	17.02

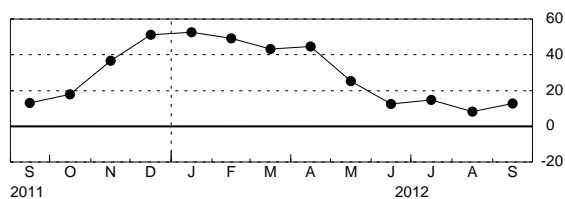
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	31.76	44.71	23.53	8.24
Sep	34.04	44.68	21.28	12.77

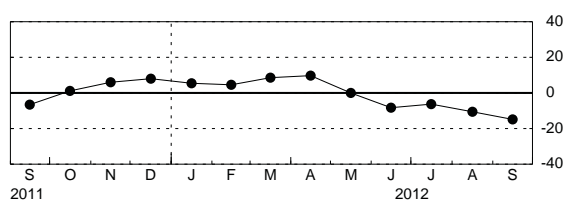
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	10.59	68.24	21.18	-10.59
Sep	8.51	68.09	23.40	-14.89

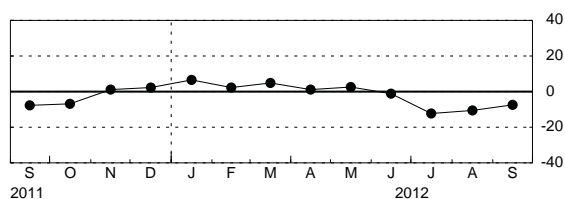
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	3.53	82.35	14.12	-10.59
Sep	5.32	81.91	12.77	-7.45

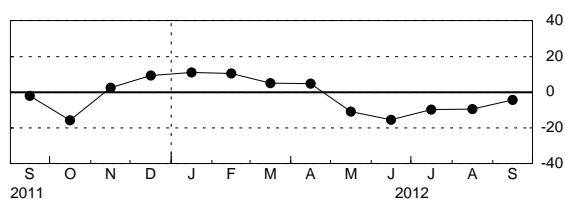
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	17.65	55.29	27.06	-9.41
Sep	18.09	59.57	22.34	-4.26

Inventories - Diffusion Index



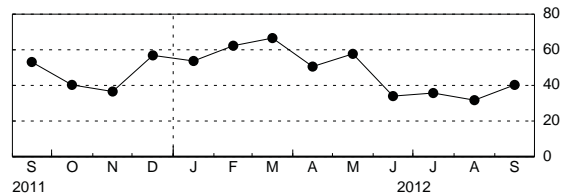
## Forward-Looking Indicators, *continued*

### Expectations Six Months Ahead

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	38.82	54.12	7.06	31.76
Sep	43.62	53.19	3.19	40.43

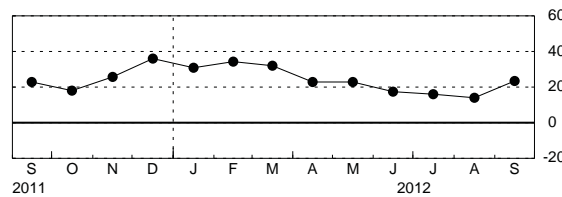
Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	25.88	62.35	11.76	14.12
Sep	29.79	63.83	6.38	23.40

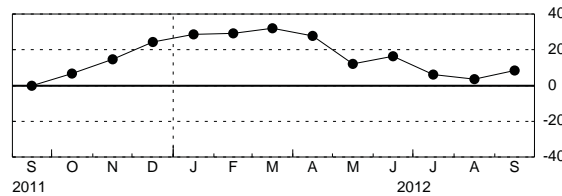
Prices Received - Diffusion Index



#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	20.00	63.53	16.47	3.53
Sep	26.60	55.32	18.09	8.51

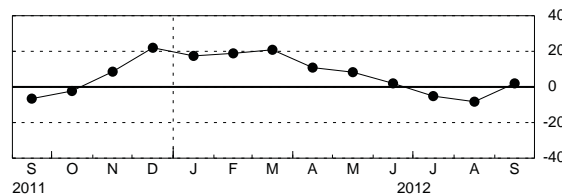
Number of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	7.06	77.65	15.29	-8.24
Sep	13.83	74.47	11.70	2.13

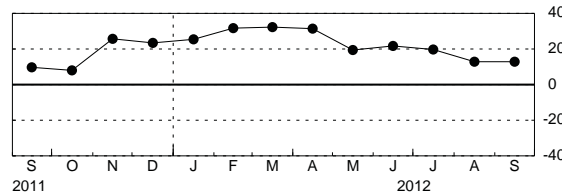
Average Employee Workweek - Diffusion Index



#### Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	28.24	56.47	15.29	12.94
Sep	26.60	59.57	13.83	12.77

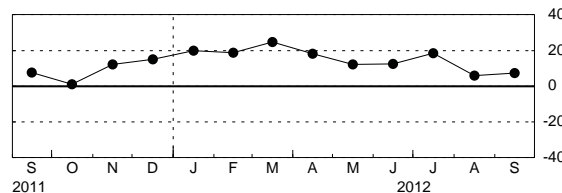
Capital Expenditures - Diffusion Index



#### Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	15.29	75.29	9.41	5.88
Sep	17.02	73.40	9.57	7.45

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.

## Supplemental Report:

# Firms Continue to Expect Modest Increases in Selling Prices

In a series of supplementary questions to the September *Empire State Manufacturing Survey*, manufacturers were asked how much their overall selling prices had changed over the past year and how much they expected their prices to rise or fall in the future. In addition, they were asked to assess the probability that prices would rise or fall by certain specified amounts. Identical questions had been asked in surveys conducted in September 2011 and earlier.

Respondents reported that their selling prices had risen 0.8 percent, on average, during the past twelve months (see table). In last September's parallel survey, the

average respondent indicated that prices had risen 1.4 percent. Looking ahead to the next twelve months, the average respondent in the current survey predicted a 1.7 percent rise in selling prices—somewhat faster growth than the 1.0 percent increase projected in last year's survey. Roughly 55 percent of respondents—a slightly higher share than in last year's survey—planned to hike prices at least 2 percent. The share of respondents expecting to lower prices was just 8 percent, down from 13 percent in last year's survey.

When asked a separate question about the probability of specified price changes over the next twelve

months, the average respondent reported a 45 percent chance that prices would remain within 2 percent of current levels, and a 46 percent chance that they would rise 2 percent or more, but just a 6 percent chance they would rise by at least 8 percent. The chances of a decline of 2 percent or more were pegged at roughly 8 percent, on average—down from 13 percent in the 2011 survey. ■

## Supplemental Report, *continued*

### QUESTION 1

By how much have your selling prices changed, on average, over the *past year*?

	September 2012	September 2011	September 2010	September 2009
Average percentage change	0.8	1.4	-0.1	-2.1
Median percentage change	1.0	2.0	0.0	0.0

### QUESTION 2

By how much do you expect your selling prices to change, on average, over the *next year*?

	September 2012	September 2011	September 2010	September 2009
Average percentage change	1.7	1.0	1.7	1.9
Median percentage change	2.0	2.0	1.0	0.0

### QUESTION 3

What would you say is the percentage chance that, over the next six months, your selling prices will:

	Percentage Chance of Specified Price Change*			
	September 2012	September 2011	September 2010	September 2009
Decrease 8 percent or more	2.5	4.0	1.5	2.5
Decrease 2 to 8 percent	5.7	9.0	9.1	9.2
Stay within 2 percent of where they are now	45.4	43.7	45.7	49.3
Increase 2 to 8 percent	40.7	38.0	35.6	29.1
Increase 8 to 15 percent	4.1	4.6	4.9	6.0
Increase 15 percent or more	1.6	0.7	3.1	3.8

\*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values shown for question 3 reflect the average indicated percentage chance across all respondents.