

# Empire State Manufacturing Survey

Business activity edged lower in New York State, according to firms responding to the September 2016 *Empire State Manufacturing Survey*. The headline general business conditions index held below zero, and was little changed at -2.0. The new orders index fell eight points to -7.5 and the shipments index fell eighteen points to -9.4—developments that pointed to a marked decline in both orders and shipments. Labor market conditions weakened, with both employment levels and the average workweek reported as lower. Price indexes remained close to last month's levels, and indicated ongoing moderate input price increases coupled with a continued slight increase in selling prices. Indexes for the six-month outlook suggested that firms generally expect conditions to improve in the months ahead.

## Business Conditions Remain Weak

Echoing their August assessment, manufacturing firms in New York State reported a slight decline in business activity in September. The general business conditions index inched up two points, but remained negative at -2.0. Twenty-two percent of respondents reported that conditions had improved over the month, while 24 percent reported that conditions had worsened. The new orders index fell eight points to -7.5, indicating that orders dropped, and the shipments index tumbled eighteen points to -9.4, pointing to a pronounced reduction in shipments. The unfilled orders index slipped to -11.6. The delivery time index fell to -6.3, signaling shorter delivery times. The inventories index moved down eight points to

-12.5, indicating that inventory levels declined at a faster pace than in August.

## Labor Market Deteriorates

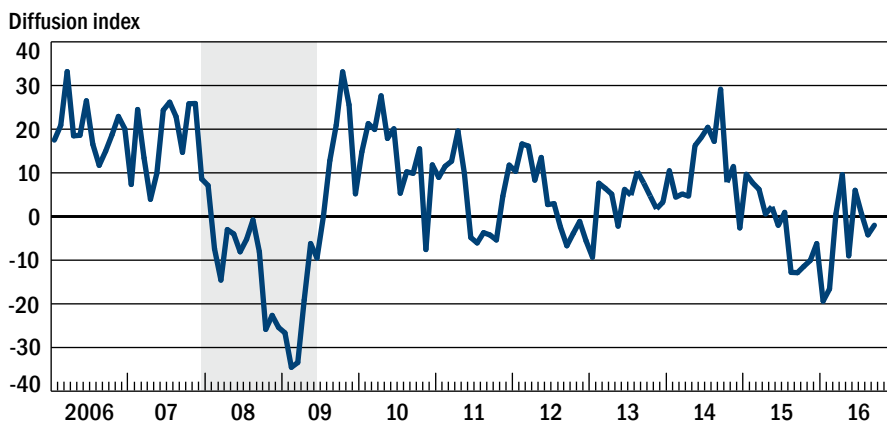
The employment index fell thirteen points to -14.3, indicating that employment levels contracted. The average workweek index posted a similar decline, falling fourteen points to -11.6—a sign of retrenchment in hours worked. Both of these indexes reached their lowest levels of 2016. The prices paid index was little changed at 17.0, indicating that input prices continued to rise at a moderate pace, and the prices received index held steady at 1.8, signaling that selling prices edged slightly higher.

## Outlook Remains Optimistic

Indexes for the six-month outlook suggested that respondents were more optimistic about future conditions than they were last month. The index for future business conditions climbed eleven points to 34.5. The index for future new orders advanced to a similar level, while the index for future shipments, though positive, declined. The index for future employment moved up into positive territory, suggesting that firms expected to expand employment in the months ahead. Indexes for future prices rose considerably, suggesting that firms expected both input prices and selling prices to increase more significantly over the next six months. The capital expenditures and technology spending indexes both climbed to 10.7. ■

## General Business Conditions

Seasonally Adjusted



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

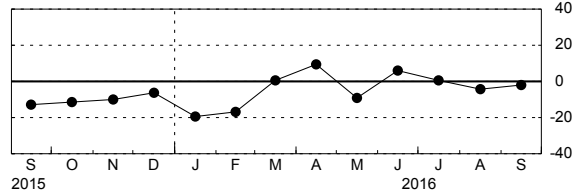
# Current Indicators

Change from Preceding Month

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	25.54	44.71	29.75	-4.21
Sep	22.10	53.80	24.10	-1.99

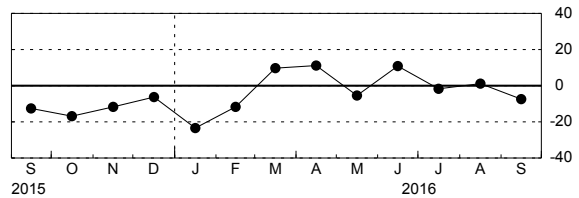
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	29.37	42.30	28.33	1.04
Sep	22.61	47.34	30.06	-7.45

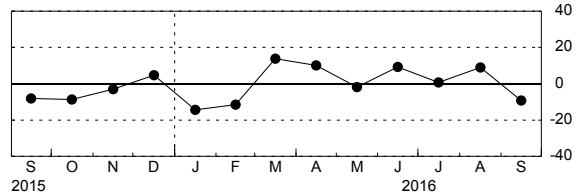
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	33.95	41.12	24.93	9.01
Sep	18.60	53.43	27.97	-9.38

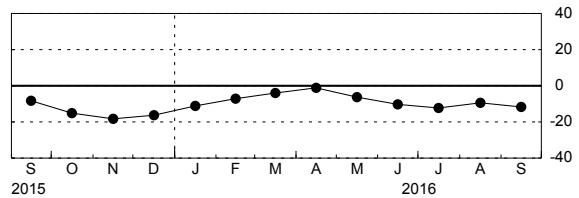
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	13.40	63.92	22.68	-9.28
Sep	11.61	65.18	23.21	-11.61

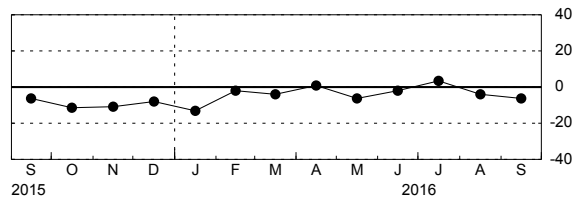
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	6.19	83.51	10.31	-4.12
Sep	7.14	79.46	13.39	-6.25

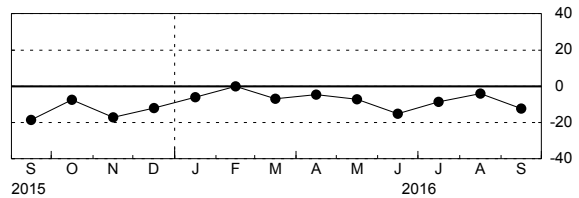
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	20.62	54.64	24.74	-4.12
Sep	16.07	55.36	28.57	-12.50

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	18.56	78.35	3.09	15.46
Sep	18.75	79.46	1.79	16.96

### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	7.22	87.63	5.15	2.06
Sep	9.82	82.14	8.04	1.79

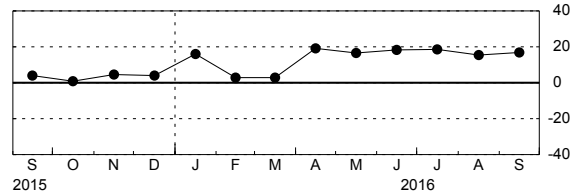
### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	15.46	68.04	16.49	-1.03
Sep	10.71	64.29	25.00	-14.29

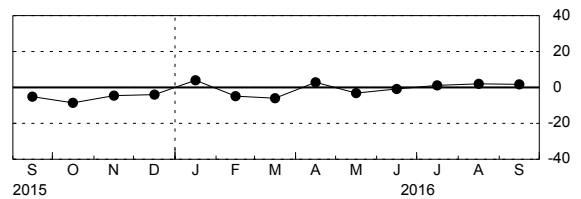
### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	11.34	79.38	9.28	2.06
Sep	7.14	74.11	18.75	-11.61

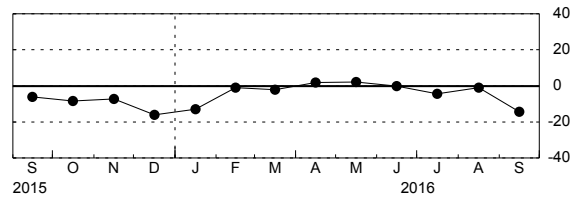
Prices Paid - Diffusion Index



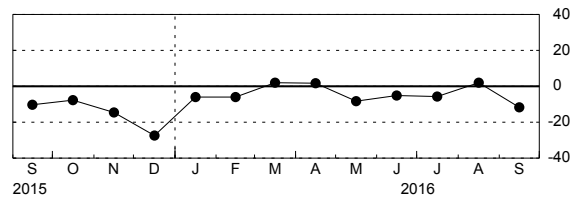
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



Note: Data are not seasonally adjusted.

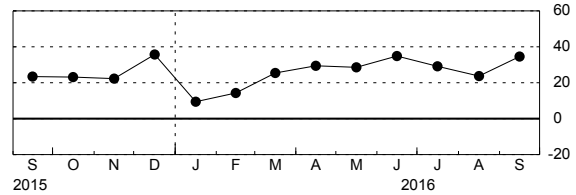
# Forward-Looking Indicators

Expectations Six Months Ahead

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	41.72	40.30	17.98	23.74
Sep	48.25	38.02	13.72	34.53

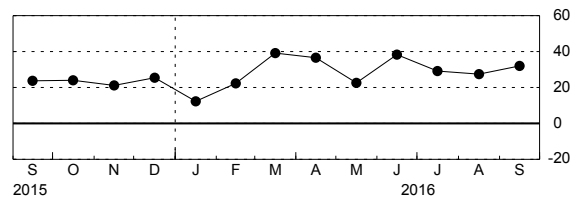
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	44.54	38.29	17.17	27.37
Sep	48.11	35.67	16.22	31.89

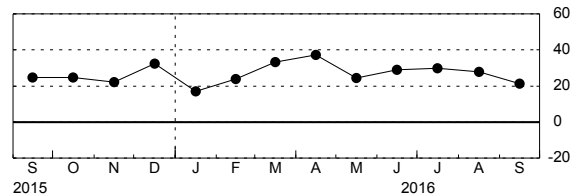
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	44.43	39.08	16.49	27.95
Sep	38.40	44.39	17.21	21.19

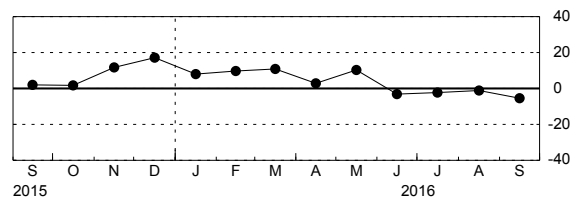
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	16.49	65.98	17.53	-1.03
Sep	8.93	76.79	14.29	-5.36

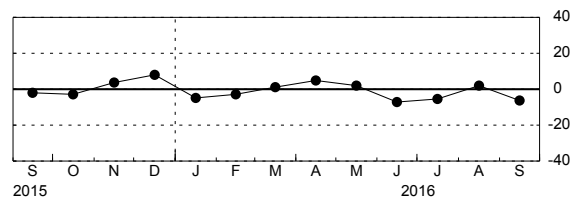
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	9.28	83.51	7.22	2.06
Sep	6.25	81.25	12.50	-6.25

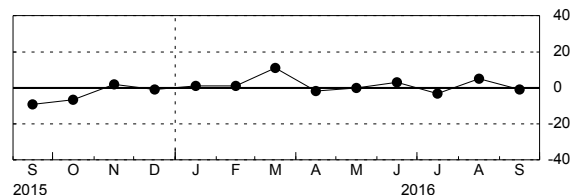
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	26.80	51.55	21.65	5.15
Sep	25.89	47.32	26.79	-0.89

Inventories - Diffusion Index



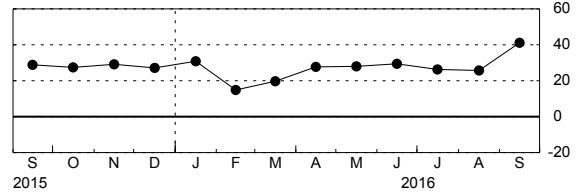
## Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	29.90	65.98	4.12	25.77
Sep	43.75	53.57	2.68	41.07

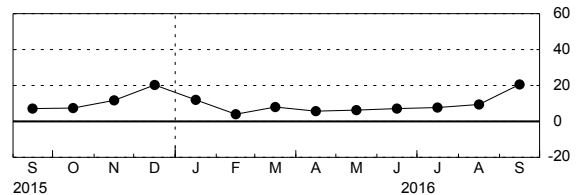
Prices Paid - Diffusion Index



### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	16.49	76.29	7.22	9.28
Sep	28.57	63.39	8.04	20.54

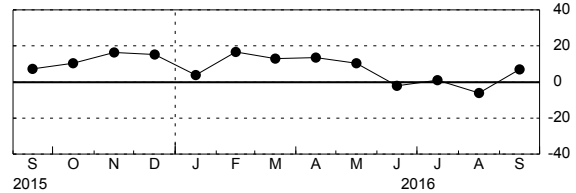
Prices Received - Diffusion Index



### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	13.40	67.01	19.59	-6.19
Sep	25.89	55.36	18.75	7.14

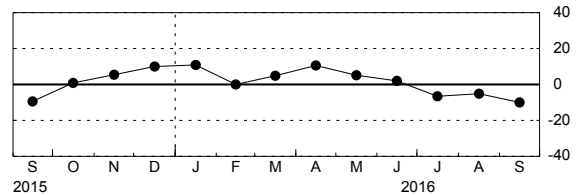
Number of Employees - Diffusion Index



### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	10.31	74.23	15.46	-5.15
Sep	8.04	74.11	17.86	-9.82

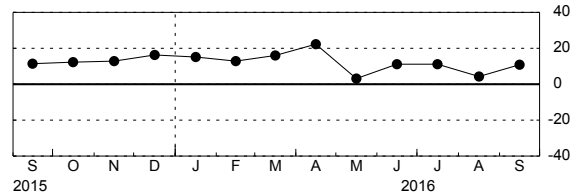
Average Employee Workweek - Diffusion Index



### Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	22.68	58.76	18.56	4.12
Sep	27.68	55.36	16.96	10.71

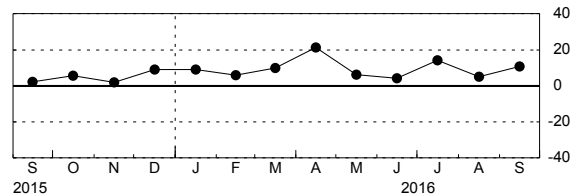
Capital Expenditures - Diffusion Index



### Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	15.46	74.23	10.31	5.15
Sep	22.32	66.07	11.61	10.71

Technology Spending - Diffusion Index



Note: Data are not seasonally adjusted.