

Empire State Manufacturing Survey

Business activity grew strongly in New York State, according to firms responding to the May 2018 *Empire State Manufacturing Survey*. The headline general business conditions index climbed four points to 20.1, indicating a faster pace of growth than in April. The new orders index rose seven points to 16.0 and the shipments index was little changed at 19.1, suggesting ongoing growth in orders and shipments. Delivery times continued to lengthen, and inventories moved higher. Labor market indicators pointed to a modest increase in employment and longer workweeks. The prices paid index rose to its highest level in several years, indicating significant input price increases, and the prices received index remained elevated. Looking ahead, firms were somewhat more optimistic about the six-month outlook than they were in April, though less so than earlier this year.

Business Activity Grows at a Solid Clip

Manufacturing firms in New York State reported that business activity expanded at a faster pace than in April. The general business conditions index rose four points to 20.1. Forty percent of respondents reported that conditions had improved over the month, while 20 percent reported that conditions had worsened. The new orders index rose seven points to 16.0 and the shipments index was little changed at 19.1, indicating that orders and shipments again grew strongly. Unfilled orders increased, and inventories moved higher. The delivery time index was close to last month's level at 13.7, a sign that delivery times continued to lengthen.

Input Price Increases Pick Up

The index for number of employees edged up three points to 8.7, while the average workweek index fell to 11.1, readings pointing to a modest increase

in employment and hours worked. Price increases remained elevated. The prices paid index moved up seven points to 54.0, its highest level since 2011, indicating a pickup in input price increases. The prices received index rose two points to 23.0, suggesting ongoing moderate selling price increases.

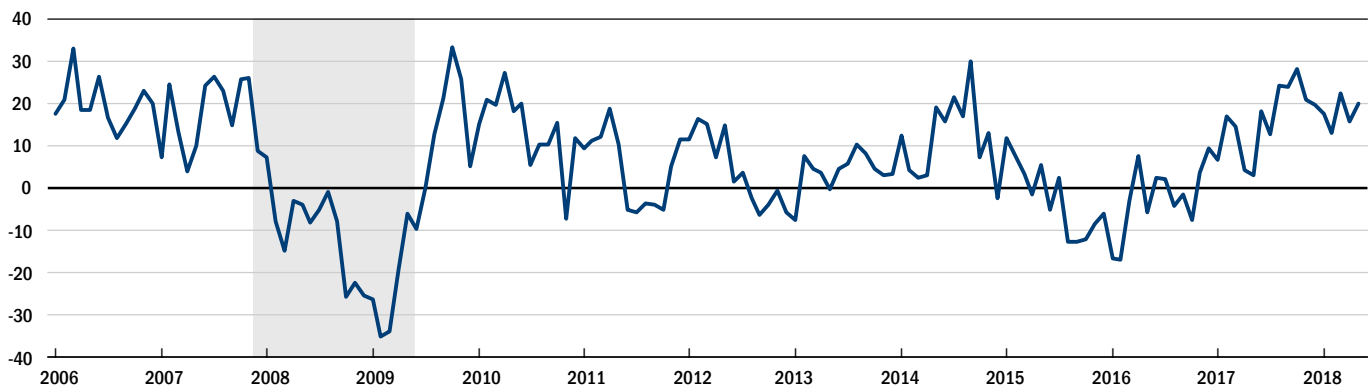
Outlook Improves, but Optimism Remains Subdued

Optimism about the six-month outlook increased, but fell short of levels enjoyed in recent months. The index for future business conditions, which plunged to 18.3 in April after remaining above 40 for most of the past year and a half, regained thirteen points to reach 31.1 in May. Employment was expected to increase in the months ahead, and the indexes for future prices remained elevated. The capital expenditures index moved up four points to 29.5, and the technology spending index rose to 23.0. ■

General Business Conditions

Seasonally Adjusted

Diffusion Index

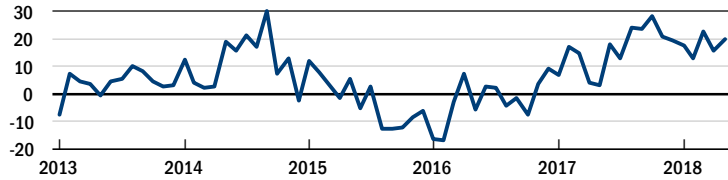


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

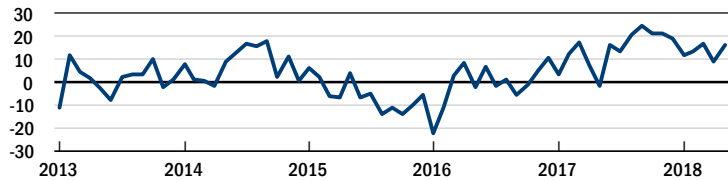
Change from Preceding Month

General Business Conditions



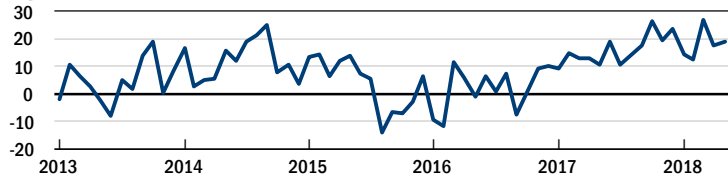
	Percent Reporting		Index
	Higher	Lower	
Apr	37.9	22.1	15.8
May	40.1	20.0	20.1
Change			4.3

New Orders



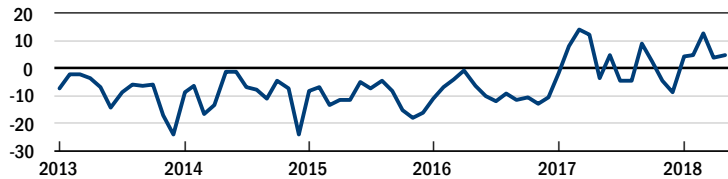
	Percent Reporting		Index
	Higher	Lower	
Apr	33.4	24.4	9.0
May	36.7	20.7	16.0
Change			7.0

Shipments



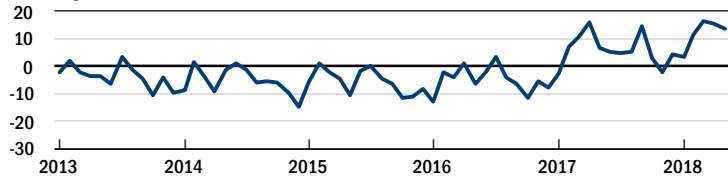
	Percent Reporting		Index
	Higher	Lower	
Apr	35.5	18.0	17.5
May	41.5	22.4	19.1
Change			1.6

Unfilled Orders



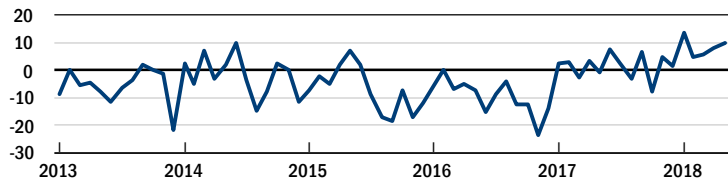
	Percent Reporting		Index
	Higher	Lower	
Apr	20.0	16.3	3.7
May	18.7	13.7	5.0
Change			1.3

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Apr	24.4	8.9	15.6
May	20.9	7.2	13.7
Change			-1.9

Inventories

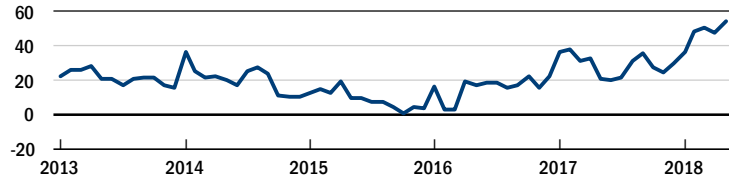


	Percent Reporting		Index
	Higher	Lower	
Apr	27.4	19.3	8.1
May	22.3	12.2	10.1
Change			2.0

Current Indicators, *continued*

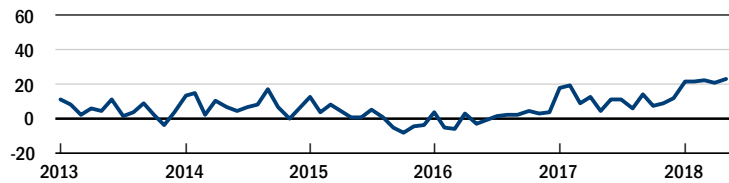
Change from Preceding Month

Prices Paid



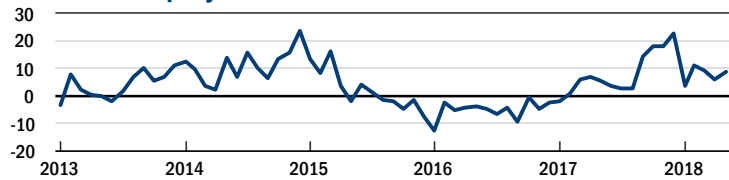
	Percent Reporting		Index
	Higher	Lower	
Apr	48.9	1.5	47.4
May	56.1	2.2	54.0
Change			6.6

Prices Received



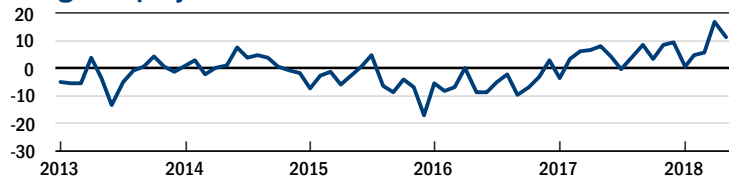
	Percent Reporting		Index
	Higher	Lower	
Apr	25.9	5.2	20.7
May	28.1	5.0	23.0
Change			2.3

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Apr	16.4	10.4	6.0
May	18.2	9.5	8.7
Change			2.7

Average Employee Workweek



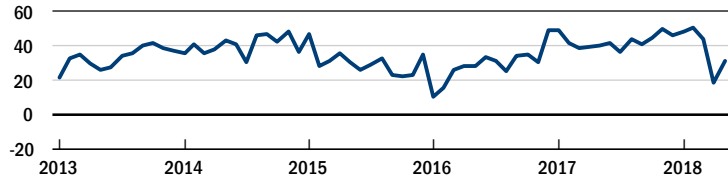
	Percent Reporting		Index
	Higher	Lower	
Apr	23.4	6.5	16.9
May	18.6	7.5	11.1
Change			-5.8

Note: Data are seasonally adjusted.

Forward-Looking Indicators

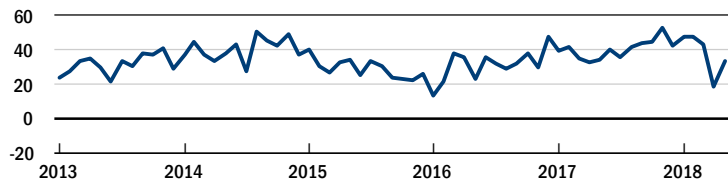
Expectations Six Months Ahead

General Business Conditions



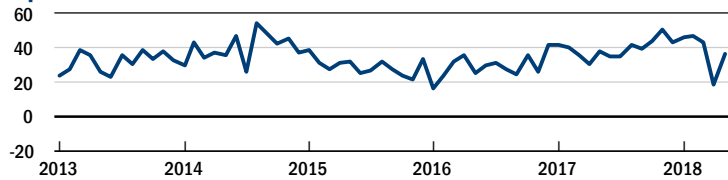
	Percent Reporting		Index
	Higher	Lower	
Apr	40.3	21.9	18.3
May	44.3	13.2	31.1
Change			12.8

New Orders



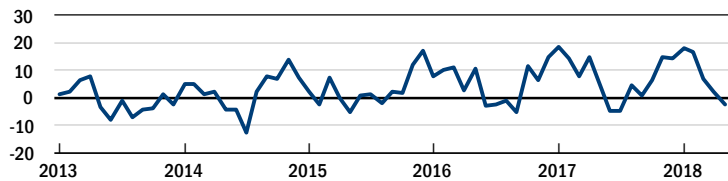
	Percent Reporting		Index
	Higher	Lower	
Apr	39.3	20.8	18.5
May	45.6	11.9	33.7
Change			15.2

Shipments



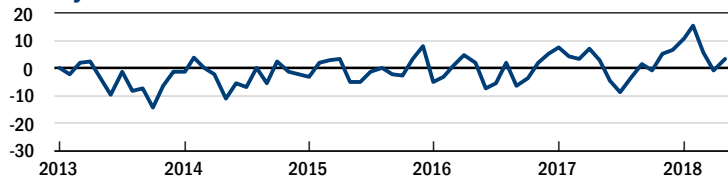
	Percent Reporting		Index
	Higher	Lower	
Apr	39.9	21.4	18.5
May	49.9	13.4	36.5
Change			18.0

Unfilled Orders



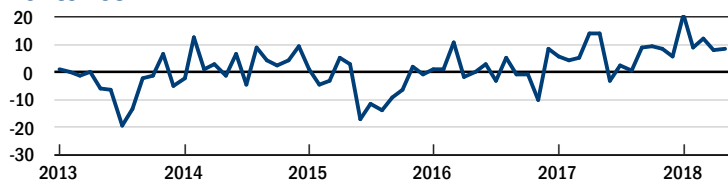
	Percent Reporting		Index
	Higher	Lower	
Apr	16.3	14.1	2.2
May	12.9	15.1	-2.2
Change			-4.4

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Apr	13.3	14.1	-0.7
May	15.8	12.2	3.6
Change			4.3

Inventories

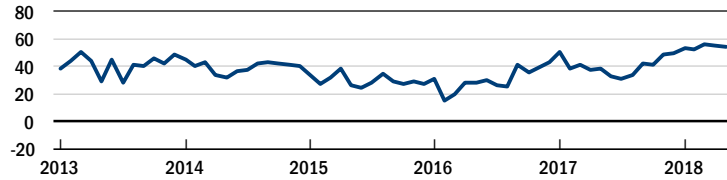


	Percent Reporting		Index
	Higher	Lower	
Apr	28.1	20.0	8.1
May	26.6	18.0	8.6
Change			0.5

Forward-Looking Indicators, *continued*

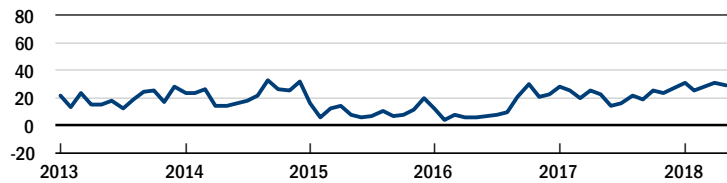
Expectations Six Months Ahead

Prices Paid



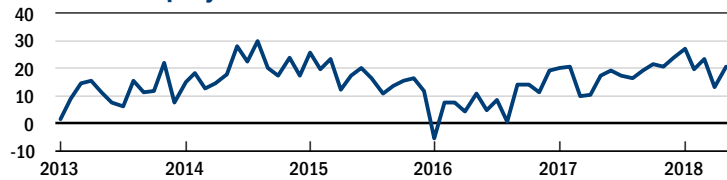
	Percent Reporting		Index
	Higher	Lower	
Apr	57.0	2.2	54.8
May	56.8	2.9	54.0
Change			-0.8

Prices Received



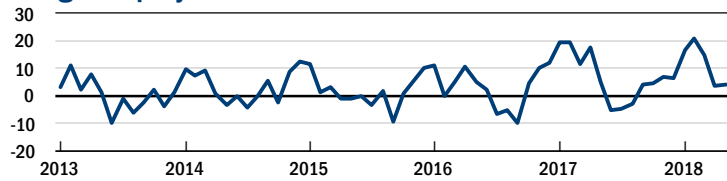
	Percent Reporting		Index
	Higher	Lower	
Apr	37.0	5.9	31.1
May	34.5	5.0	29.5
Change			-1.6

Number of Employees



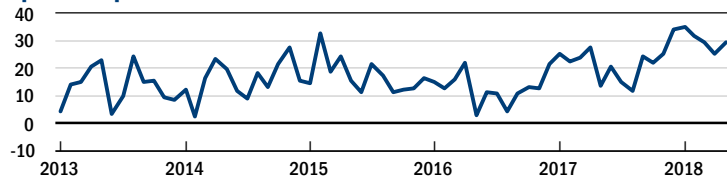
	Percent Reporting		Index
	Higher	Lower	
Apr	28.4	15.3	13.1
May	30.3	9.5	20.8
Change			7.7

Average Employee Workweek



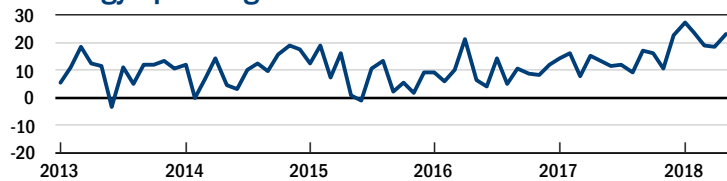
	Percent Reporting		Index
	Higher	Lower	
Apr	17.0	13.3	3.7
May	14.4	10.1	4.3
Change			0.6

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Apr	34.8	9.6	25.2
May	36.0	6.5	29.5
Change			4.3

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Apr	24.4	5.9	18.5
May	28.1	5.0	23.0
Change			4.5

Note: Data are seasonally adjusted.