

Supplemental Survey Report

Businesses See Slight Rise in Borrowing Needs, Anticipate Tightening Credit Availability

Supplementary questions in the October 2019 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on recent and expected changes in firms' borrowing needs and credit availability. Parallel questions had been asked in October 2018 and in earlier surveys.

Slightly more businesses reported increases than declines in borrowing needs—both over the past year and over the past three months. When asked about their borrowing needs over the next twelve months, noticeably more service-sector respondents said they expect their needs to rise than said they expect them to fall, whereas manufacturers were roughly evenly split.

Respondents were asked about changes in credit availability. A vast majority

of respondents in both surveys (75-85 percent) reported no change—both over the past year and over the past three months. Looking ahead to expected changes in credit availability over the next year, again, more than three in five respondents in both surveys indicated that they anticipate little change, on balance. As was the case in last October's survey, nearly five times more service-sector respondents said they anticipate tightening than easing in credit availability. Manufacturers said that they expect credit availability to tighten, on balance, by a 25-14 percent margin.

Respondents were also asked if they had applied for credit in the past twelve months. Roughly a third of manufacturers and a slightly higher proportion of service-sector respondents said they had sought credit—little

changed from last year's survey. Of those who had sought credit, nearly two-thirds of service firms and nearly three-quarters of manufacturers indicated that they had been offered full funding and had accepted it. These proportions are down modestly from the 2018 survey. Twelve percent of service firms and 10 percent of manufacturers said they had received partial funding and had accepted it. The remainder did not end up getting funding, either because they were denied it or because the terms or amount of funding were considered unsatisfactory. The nearly two-thirds of panelists who had not applied for credit were asked why they had not sought credit; the vast majority reported that it was because their current financing needs had been met. These results were similar to those in the 2018 and 2017 surveys. ■

Supplemental Survey Report, *continued*

QUESTION 1

How do your current borrowing needs compare with those three months earlier? Twelve months earlier? How do you expect them to change over the next twelve months?

	October 2019 Survey			October 2018 Survey		
	Percentage of Respondents			Percentage of Respondents		
	Lower	Same	Higher	Lower	Same	Higher
Empire State Manufacturing Survey						
Now compared with 3 months earlier	19.4	56.1	24.5	15.5	66.4	18.1
Now compared with 12 months earlier	21.6	52.3	26.1	20.7	55.2	24.1
Over the next 12 months	25.0	50.7	24.3	20.7	54.1	25.2
Business Leaders Survey						
Now compared with 3 months earlier	11.4	75.7	13.0	12.9	72.9	14.2
Now compared with 12 months earlier	12.6	66.5	20.9	15.0	71.2	13.7
Over the next 12 months	15.4	59.4	25.1	14.6	64.9	20.5

QUESTION 2

How has credit availability changed over the past three months? Past twelve months? How do you expect it to change over the next twelve months?

	October 2019 Survey			October 2018 Survey		
	Percentage of Respondents			Percentage of Respondents		
	Easier	Same	Tighter	Easier	Same	Tighter
Empire State Manufacturing Survey						
Over the past 3 months	9.7	81.8	8.4	10.3	79.3	10.3
Over the past 12 months	14.6	74.8	10.6	14.0	76.3	9.6
Over the next 12 months	14.2	60.6	25.2	16.5	60.9	22.6
Business Leaders Survey						
Over the past 3 months	5.5	84.2	10.4	8.4	80.5	11.0
Over the past 12 months	5.1	82.6	12.4	8.5	79.7	11.8
Over the next 12 months	5.9	66.5	27.6	5.8	64.3	29.9

Supplemental Survey Report, *continued*

QUESTION 3

Has your business applied for credit in the past twelve months? If not, why not? If so, how did it turn out?

	October 2019 Survey		October 2018 Survey	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents		Percentage of Respondents	
No	66.5	63.8	62.6	66.2
<i>As a percentage of those responding No</i>				
Because our financing needs are currently met	92.2	88.1	86.1	79.4
Because we did not expect to be able to obtain credit	4.9	4.2	2.8	11.8
Yes	33.5	36.2	37.4	33.8
<i>As a percentage of those responding Yes</i>				
Were offered full funding and accepted it	73.1	65.7	79.1	73.1
Were offered full funding but declined it because the terms were unfavorable	3.8	3.0	2.3	1.9
Were offered partial funding and accepted it	9.6	11.9	7.0	11.5
Were offered partial funding but declined it because the terms were unfavorable	1.9	3.0	4.7	1.9
Were offered full/partial funding but declined it because we no longer needed it	1.9	3.0	0.0	3.8
Were not offered any funding	1.9	9.0	2.3	1.9