

June 2003

Empire State Manufacturing

Survey



Summary

The *Empire State Manufacturing Survey* indicates that conditions for New York's manufacturers improved substantially in June, continuing the gains reported in May. The general business conditions index rose to its highest level on record, from 10.6 to 26.8. Virtually every index improved. The new orders and shipments indexes both rose above 15, and the unfilled orders index was above zero for the first time in more than a year. The prices paid index fell below zero for the first time in many months, while the prices received index remained negative. Employment indexes indicated little change in activity. Expectations continued to be strongly positive, with future indexes remaining near the high levels seen throughout much of the past year.

Conditions Improve for a Second Consecutive Month

The general business conditions index rose over 15 points to reach 26.8, a record high. After a solid gain last month, in June the percentage of respondents reporting better conditions rose again, from 29 to 43. Sixteen percent—roughly the same percentage as in May—reported worse conditions. The new orders index rose from 10.5 to 16.1, with 34 percent indicating that new orders had increased. Thirty percent of respondents reported an increase in shipments; that index rose to 15.3. The unfilled orders index was positive for the first time in more than a year, with 20 percent seeing a rise—compared with only 14 percent in May. The delivery time index rose into positive territory, reaching 3.1. Although the inventories index remained negative, it rose a few points, to -2.1.

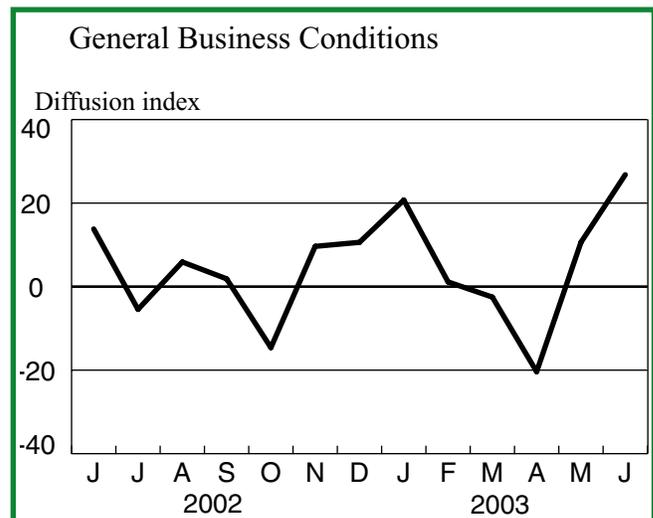
Prices Paid Index Recedes

The prices paid index dipped below zero for the first time in more than a year, falling to -2.1. This month, only 7 percent of respondents reported an increase in prices paid, while 9 percent reported a decline. Eighty-four percent indicated no change. The prices received index, at -13.4, was little different from last month, with 3 percent indicating prices had risen and 16 percent reporting a decline.

Employment indexes also showed only modest change from last month. The number of employees index was -1.0, a small decline from last month's 4.3. The average employee workweek index remained negative at -4.1.

Respondents Remain Optimistic

After falling in February, March, and April, future indexes for general business conditions, new orders, and shipments all returned to high levels in May and June. The future index



for general business conditions reached 58.4, with 65 percent of respondents expecting conditions to improve, and only 7 percent expecting deterioration. Although the future index for new orders dipped slightly, the level remained very high at 51.7, with 62 percent of those responding expecting an increase in orders. The index for future shipments was 54.1 and for future unfilled orders 23.3.

Pricing pressures are expected to continue, with the future prices paid index remaining positive at 15.5 and the future prices received index remaining negative at -7.2. Employment is expected to rise: the future number of employees index was 14.4 and the future average workweek index 25.1. Despite a slight dip, the capital expenditures index remained positive at 14.4. Twenty-four percent of respondents expected to increase capital spending in the next six months, while 9 percent planned to spend less.

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.

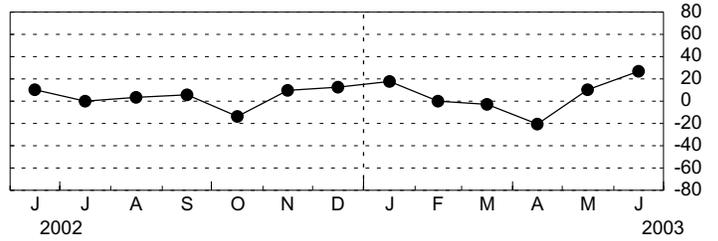
Empire State Manufacturing Survey, June 2003

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	28.63	53.34	18.03	10.60
Jun	43.04	40.72	16.24	26.80

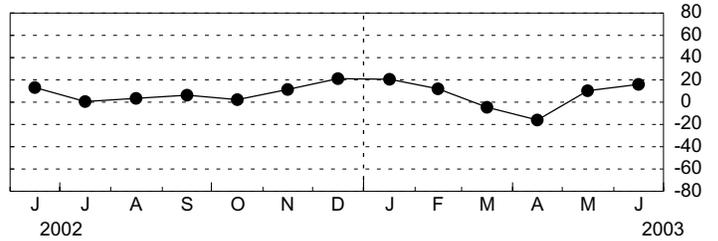
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	29.39	51.69	18.92	10.48
Jun	33.75	48.63	17.62	16.13

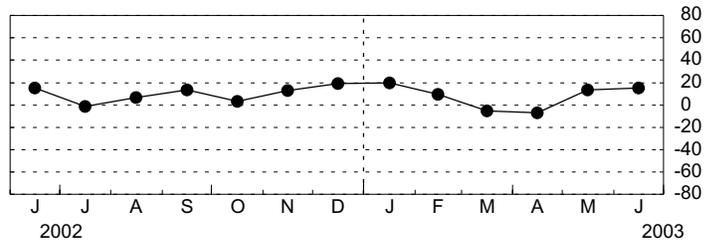
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	30.22	52.75	17.02	13.20
Jun	29.62	56.05	14.33	15.29

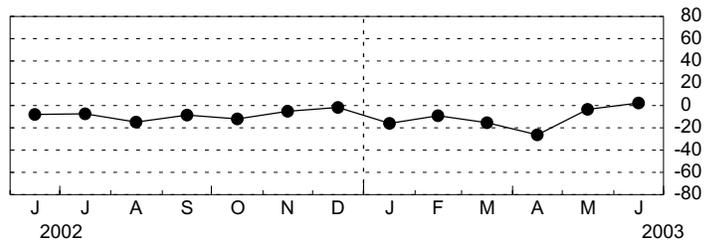
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	13.56	69.50	16.94	-3.38
Jun	20.47	61.70	17.83	2.64

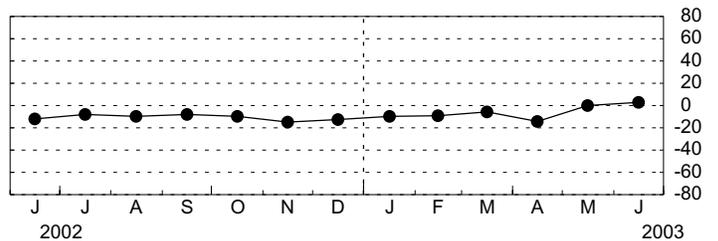
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	7.53	84.95	7.53	0.00
Jun	11.34	80.41	8.25	3.09

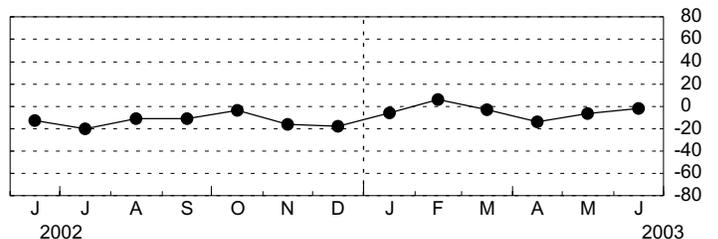
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	17.20	59.14	23.66	-6.45
Jun	19.59	58.76	21.65	-2.06

Inventories - Diffusion Index

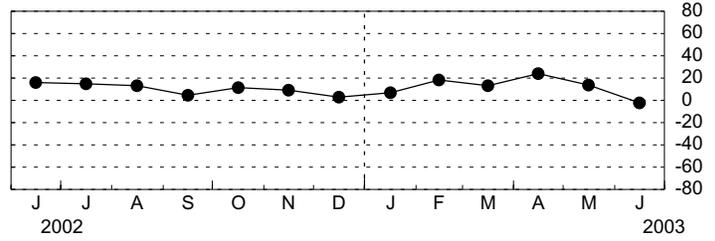


Empire State Manufacturing Survey, June 2003 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	16.13	81.72	2.15	13.98
Jun	7.22	83.51	9.28	-2.06

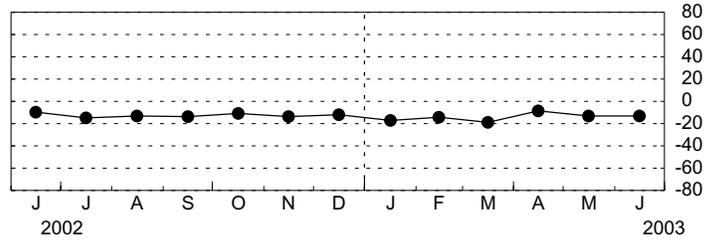
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	5.38	76.34	18.28	-12.90
Jun	3.09	80.41	16.49	-13.40

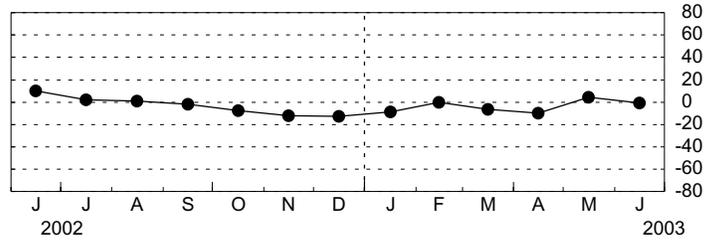
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	19.35	65.59	15.05	4.30
Jun	17.53	63.92	18.56	-1.03

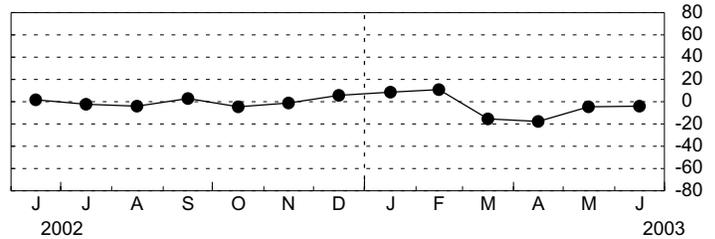
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	11.02	73.66	15.32	-4.30
Jun	10.42	75.06	14.52	-4.10

Average Employee Workweek - Diffusion Index

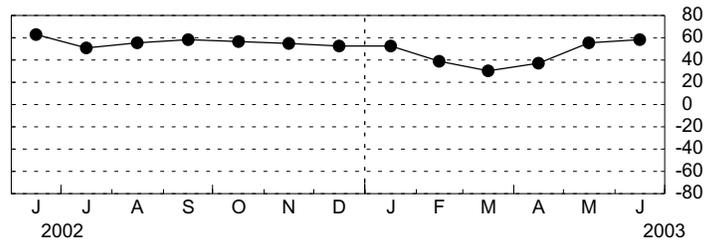


Empire State Manufacturing Survey, June 2003, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	63.47	28.67	7.86	55.61
Jun	65.13	28.15	6.73	58.40

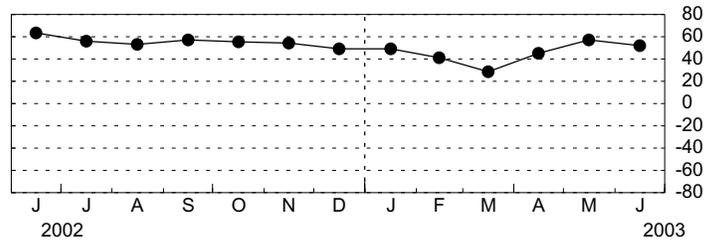
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	60.62	35.53	3.85	56.76
Jun	61.97	27.74	10.29	51.69

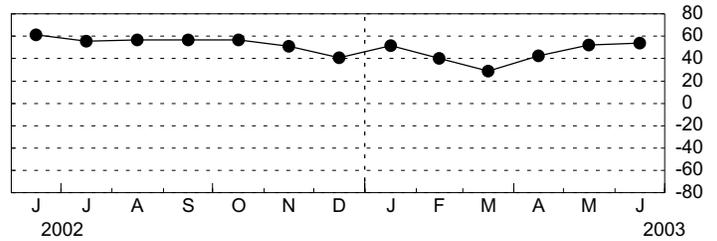
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	58.90	34.38	6.72	52.18
Jun	62.42	29.23	8.35	54.07

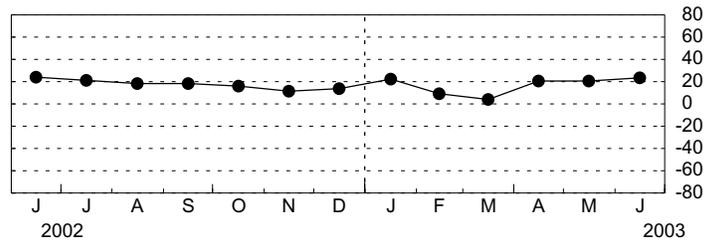
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	28.83	63.07	8.10	20.72
Jun	33.11	57.06	9.83	23.28

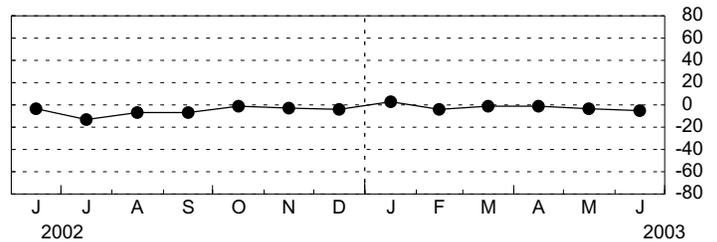
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	9.68	77.42	12.90	-3.23
Jun	8.25	78.35	13.40	-5.15

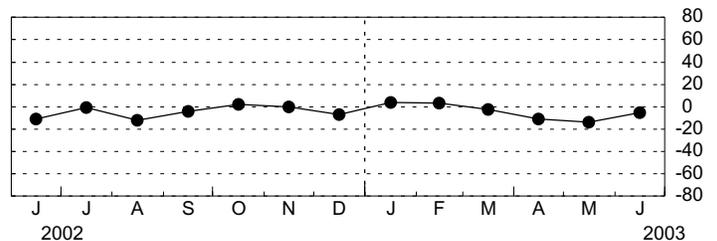
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	20.43	45.16	34.41	-13.98
Jun	23.71	47.42	28.87	-5.15

Inventories - Diffusion Index

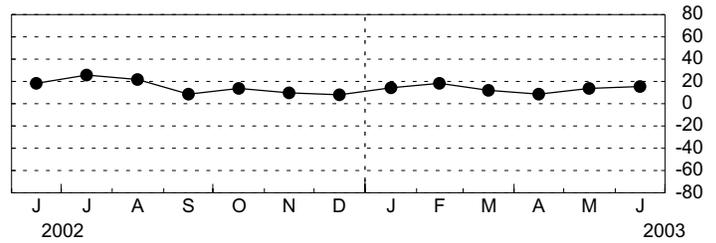


Empire State Manufacturing Survey, June 2003, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	18.28	77.42	4.30	13.98
Jun	20.62	74.23	5.15	15.46

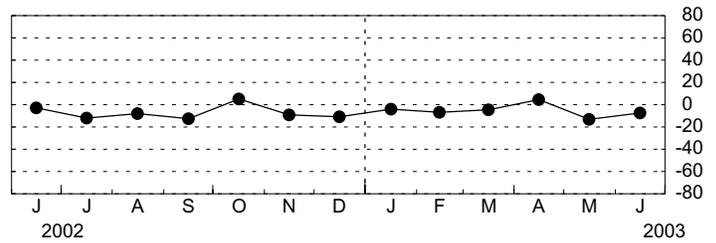
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	5.38	76.34	18.28	-12.90
Jun	9.28	74.23	16.49	-7.22

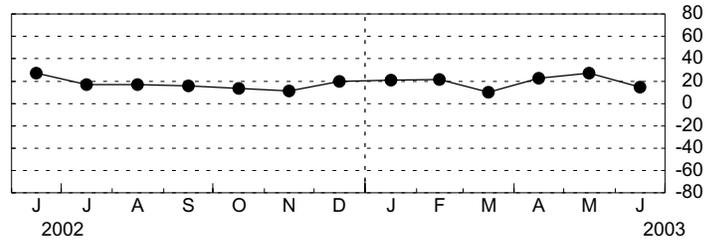
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	36.56	53.76	9.68	26.88
Jun	28.87	56.70	14.43	14.43

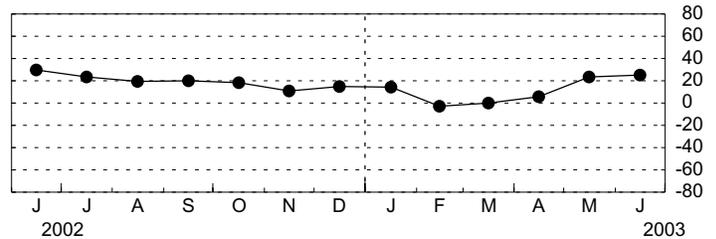
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	29.70	64.07	6.24	23.46
Jun	33.38	58.30	8.32	25.06

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	30.11	61.29	8.60	21.51
Jun	23.71	67.01	9.28	14.43

Capital Expenditures - Diffusion Index

