

July 2005

For release: July 15, 2005 8:30 a.m.

Empire State Manufacturing Survey



Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers improved significantly in July. The general business conditions index continued to climb from the two-year low set in May, reaching 23.9, its highest level so far this year. The new orders, unfilled orders, and shipments indexes all rose, while the inventories index fell below zero to its lowest level in several months. Price indexes fell further from last month to their lowest levels in considerably more than a year. Employment indexes hovered near zero, indicating little change in labor market activity. Expectations about future conditions were generally favorable and substantially more positive than in June.

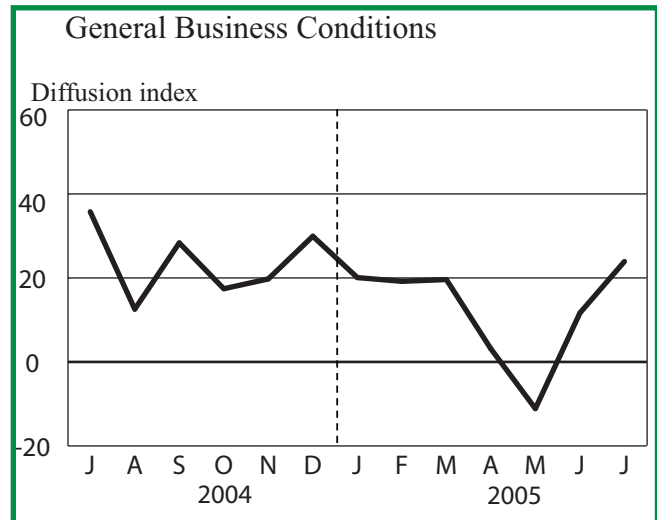
Business Indexes Continue to Improve

The general business conditions index continued to rebound from May, when it registered its first negative reading in more than two years. Rising more than 13 points beyond its June level, the index reached 23.9, a high for 2005. Roughly 42 percent of respondents said that conditions had improved, compared with 33 percent in June and 21 percent in May. The new orders index improved similarly, rising from 8.1 to 19.1. The shipments index posted a sharp increase of 20 points, rising from near-zero levels in the prior three months. The unfilled orders index entered positive territory for the first time since January, climbing 17 points to 2.9. The increase stemmed largely from a decline in the percentage of respondents reporting fewer unfilled orders—from 28 percent last month to 16 percent in July. The delivery time index, at -2.0, was virtually unchanged. The inventories index dropped nearly 14 points to -9.8, a level last observed in January, with one-third of respondents reporting lower inventories.

Price Indexes Ease Further

The indexes for prices paid and prices received continued to drift downward, although both remained positive. The prices paid index fell for a fourth consecutive month, to 21.6, well below the persistently high levels seen from March 2004 through March 2005. Nearly 30 percent of respondents indicated that prices had risen, while 8 percent reported lower prices. The prices received index fell to near zero, its lowest level in more than a year, with roughly 12 percent of respondents reporting higher prices and 11 percent reporting lower prices.

Employment indexes indicated little change in the labor market. The index for number of employees fell 4 points to 1.4, with 21 percent of respondents saying that they had



boosted employment and almost the same percentage reporting a decrease in employment. The average workweek index edged up to 1.8, just above its slightly negative readings of the preceding three months.

Future Indexes Reflect Increased Optimism

Respondents were markedly more optimistic about future conditions than they had been in June. The future general business conditions index rose 13 points to 47.0, reversing its pattern of decline for the prior three months. The future new orders and shipments indexes both rose above 50, with more than 60 percent of respondents expecting both to rise over the next six months. The future unfilled orders index dipped slightly, but remained positive. The future delivery time and inventories indexes remained negative. Both prices paid and prices received were expected to rise; the future prices paid index, however, fell substantially from 44.4 in June to 28.4 in July, with 36 percent of respondents indicating that they expected to pay higher prices in six months. Future employment indexes were positive and above June levels. The capital expenditures index rose more than 10 points, reaching 24.5.

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.

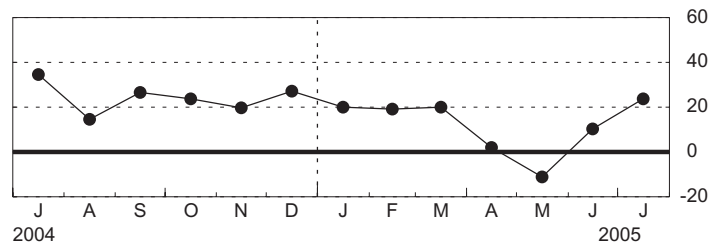
Empire State Manufacturing Survey, July 2005

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	33.13	44.22	22.65	10.49
Jul	42.11	39.68	18.21	23.91

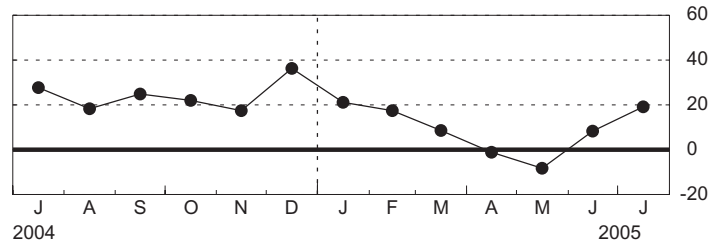
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	36.58	34.97	28.44	8.14
Jul	40.88	37.40	21.72	19.15

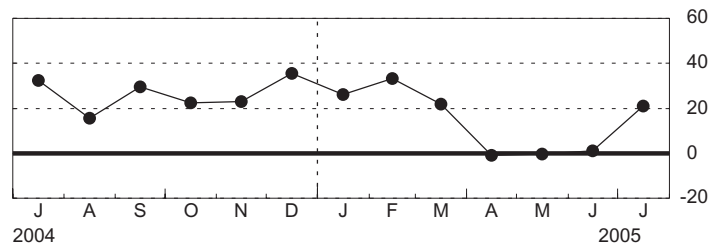
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	32.49	35.97	31.54	0.96
Jul	43.19	34.53	22.28	20.91

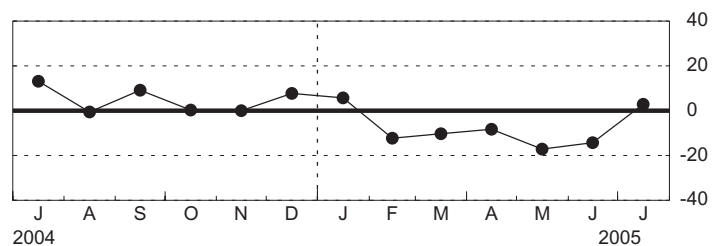
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	14.36	57.14	28.49	-14.13
Jul	18.60	65.66	15.74	2.86

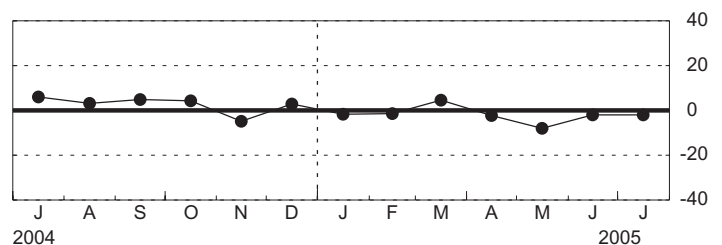
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	10.10	77.78	12.12	-2.02
Jul	7.84	82.35	9.80	-1.96

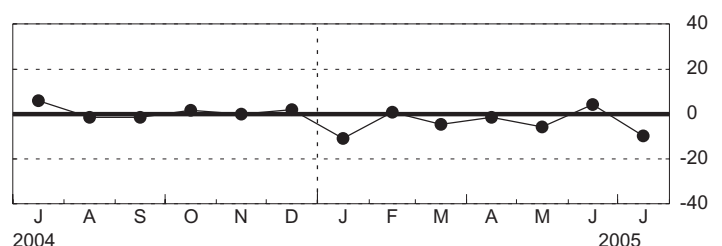
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	28.28	47.47	24.24	4.04
Jul	23.53	43.14	33.33	-9.80

Inventories - Diffusion Index



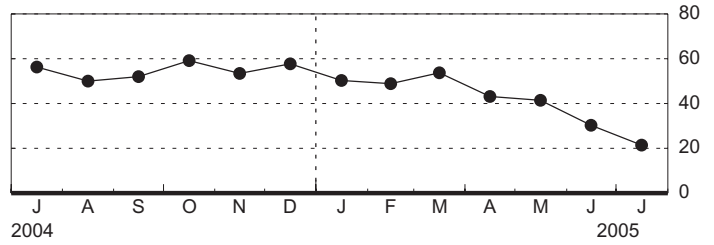
Empire State Manufacturing Survey, July 2005

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	37.37	55.56	7.07	30.30
Jul	29.41	62.75	7.84	21.57

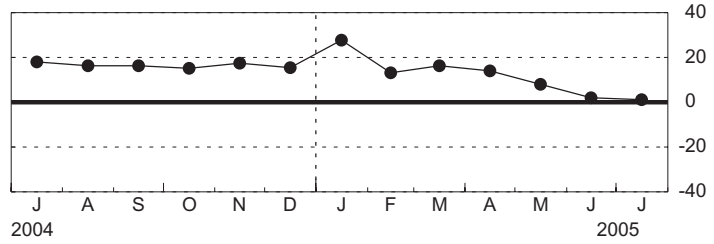
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	15.15	71.72	13.13	2.02
Jul	11.76	77.45	10.78	0.98

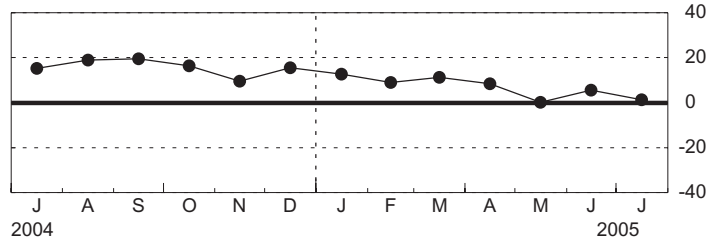
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	16.57	72.31	11.11	5.46
Jul	21.03	59.36	19.61	1.42

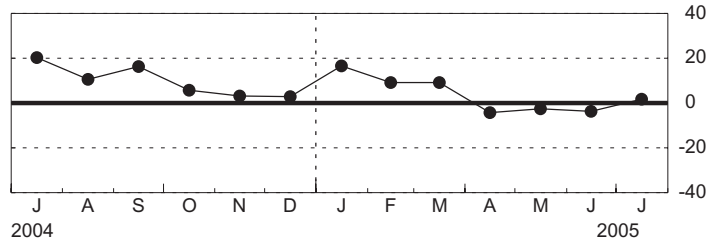
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	11.41	73.44	15.15	-3.74
Jul	19.47	62.88	17.65	1.82

Average Employee Workweek - Diffusion Index

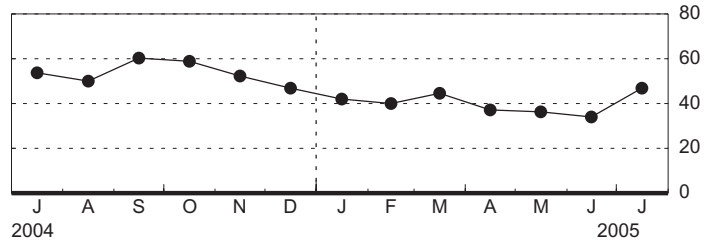


Empire State Manufacturing Survey, July 2005, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	48.70	36.63	14.67	34.03
Jul	54.75	37.50	7.75	47.00

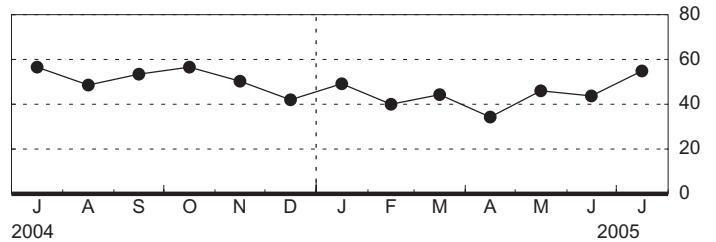
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	56.44	30.66	12.90	43.54
Jul	62.46	29.86	7.68	54.77

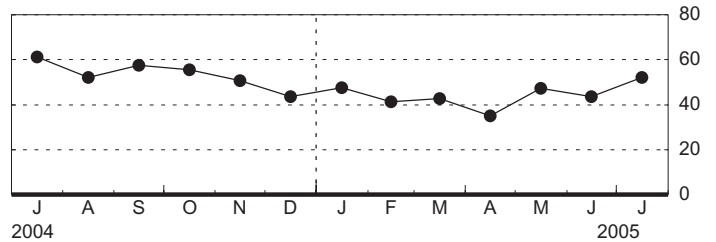
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	55.82	32.08	12.10	43.73
Jul	61.19	29.83	8.98	52.21

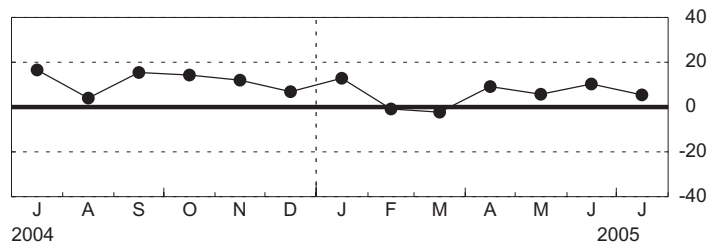
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	21.47	67.44	11.09	10.37
Jul	17.82	69.81	12.37	5.45

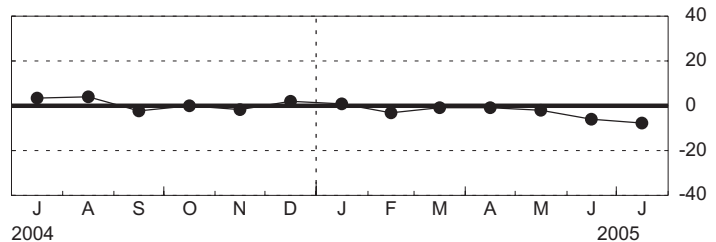
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	7.07	79.80	13.13	-6.06
Jul	4.90	82.35	12.75	-7.84

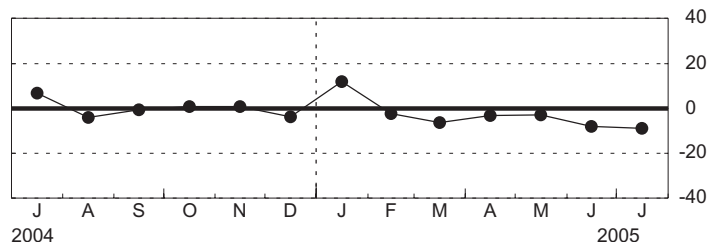
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	22.22	47.47	30.30	-8.08
Jul	19.61	51.96	28.43	-8.82

Inventories - Diffusion Index

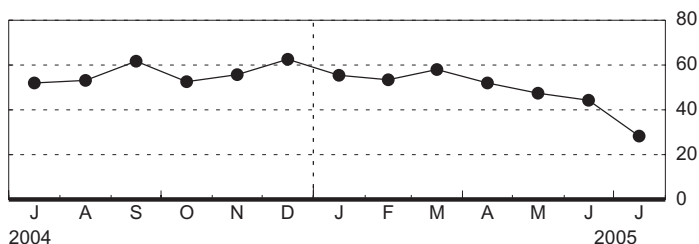


Empire State Manufacturing Survey, July 2005, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	50.51	43.43	6.06	44.44
Jul	36.27	55.88	7.84	28.43

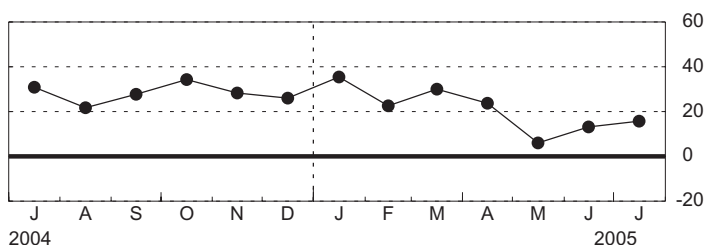
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	25.25	62.63	12.12	13.13
Jul	26.47	62.75	10.78	15.69

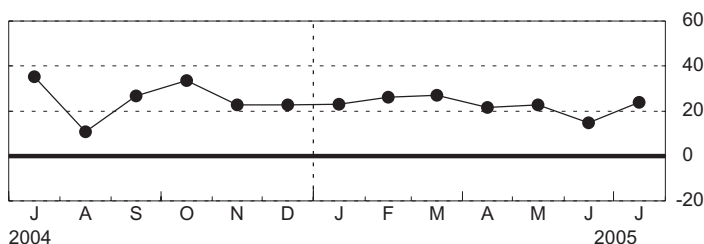
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	31.31	52.09	16.60	14.71
Jul	34.31	55.25	10.44	23.88

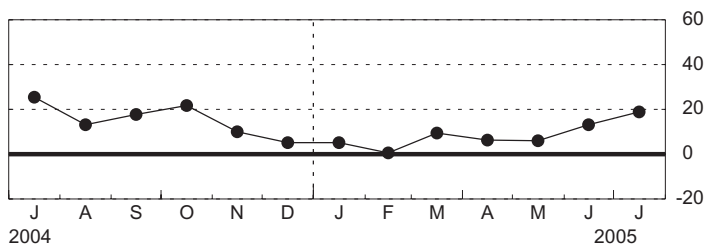
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	24.00	65.34	10.66	13.35
Jul	31.95	54.96	13.08	18.87

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	30.30	53.54	16.16	14.14
Jul	38.24	48.04	13.73	24.51

Capital Expenditures - Diffusion Index

