

Supplemental Survey Report

Firms See Steady Borrowing Needs; Service Firms Anticipate Tightening Credit Availability

Supplementary questions in the October 2018 *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 2017 and in earlier surveys.

As in earlier surveys, a sizable majority of businesses reported no change in borrowing needs—both over the past year and over the past three months—and responses from the rest were fairly evenly split between increasing and decreasing. When asked about their borrowing needs over the next twelve months, slightly more respondents in both surveys said they expected them to rise than recede.

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

respondents in both surveys (roughly four-fifths) 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, more than three in five respondents in both surveys said they anticipated little change, on balance. Of those expecting a change, nearly five times more service sector respondents said they anticipated tightening than anticipated easing in credit availability. Manufacturers said that they expected credit availability to tighten, on balance, but by a much narrower margin.

Respondents were also asked if they had applied for credit in the past twelve months. Somewhat more than a third of respondents in both surveys said they had sought credit, which is down

moderately from last year's survey. Of those who had sought credit, a sizable majority—79 percent of manufacturers and 73 percent of service firms—said they had been offered full funding and had accepted it. These proportions are up slightly from the 2017 survey. Twelve percent of service firms and 7 percent of manufacturers said they had been offered 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 of them said it was because their current financing needs had been met. These results were almost identical to those in the 2017 and 2016 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 2018 Survey			October 2017 Survey		
	Percentage of Respondents			Percentage of Respondents		
	Lower	Same	Higher	Lower	Same	Higher
Empire State Manufacturing Survey						
Now compared with 3 months earlier	15.5	66.4	18.1	18.0	68.8	13.3
Now compared with 12 months earlier	20.7	55.2	24.1	21.4	64.3	14.3
Over the next 12 months	20.7	54.1	25.2	18.0	55.7	26.2
Business Leaders Survey						
Now compared with 3 months earlier	12.9	72.9	14.2	14.3	71.4	14.3
Now compared with 12 months earlier	15.0	71.2	13.7	23.5	57.5	19.0
Over the next 12 months	14.6	64.9	20.5	17.8	53.9	28.3

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 2018 Survey			October 2017 Survey		
	Percentage of Respondents			Percentage of Respondents		
	Easier	Same	Tighter	Easier	Same	Tighter
Empire State Manufacturing Survey						
Over the past 3 months	10.3	79.3	10.3	8.9	83.1	8.1
Over the past 12 months	14.0	76.3	9.6	13.9	78.7	7.4
Over the next 12 months	16.5	60.9	22.6	14.8	65.6	19.7
Business Leaders Survey						
Over the past 3 months	8.4	80.5	11.0	9.2	79.7	11.1
Over the past 12 months	8.5	79.7	11.8	11.3	76.2	12.6
Over the next 12 months	5.8	64.3	29.9	11.7	68.2	20.1

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 2018 Survey		October 2017 Survey	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents		Percentage of Respondents	
No	62.6	66.2	57.6	58.3
<i>As a percentage of those responding No</i>				
Because our financing needs are currently met	86.1	79.4	83.3	80.7
Because we did not expect to be able to obtain credit	2.8	11.8	4.2	9.1
Yes	37.4	33.8	42.4	41.7
<i>As a percentage of those responding Yes</i>				
Were offered full funding and accepted it	79.1	73.1	77.4	66.7
Were offered full funding but declined it because the terms were unfavorable	2.3	1.9	0.0	3.2
Were offered partial funding and accepted it	7.0	11.5	9.4	12.7
Were offered partial funding but declined it because the terms were unfavorable	4.7	1.9	1.9	1.6
Were offered full/partial funding but declined it because we no longer needed it	0.0	3.8	1.9	1.6
Were not offered any funding	2.3	1.9	3.8	1.6