

Supplemental Survey Report

Businesses Note Slight Deceleration in Wage and Benefit Costs, and in Expected Selling Prices

Supplementary questions to the December *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on recent and expected changes in the prices paid by firms for several major budget categories, including wages, employee benefits, insurance, energy, and other commodities. The same set of questions had been asked in surveys conducted in December 2018 and earlier.

In the current survey, both service and manufacturing firms reported that prices paid overall rose by roughly 4 percent, on average, in 2019. Both figures were down roughly a percentage point from last December's survey results. Looking ahead, though, businesses anticipate a slight pickup in input prices: manufacturers said that they expected the prices they paid to rise by 4.5 percent in 2020, while the comparable figure among service-sector firms was 4.7 percent. As has been the case in every year of the survey, employee benefits showed steeper price increases than any other budget category—both actual and expected. Manufacturers, on average, indicated that

such costs had risen by 5.0 percent, while service firms reported an average increase of 5.6 percent—in both cases, smaller increases than in recent years. Looking ahead to next year, both groups of businesses expected the pace to accelerate by ½ percentage point. Respondents also reported somewhat lower increases in wages than in last year's survey: both manufacturers and service firms indicated that wages had risen by just under 4 percent, down from about 4.5 percent in last year's survey, but roughly on par with their expectations at this time last year. Looking ahead to 2020, manufacturers said they expect wages to again increase by just under 4 percent, whereas service firms anticipated an increase of 4.4 percent, on average. Among other budget categories, price increases—both past and expected—were generally at or slightly below those noted in last December's survey. Price changes for these major budget categories are shown in the attached charts and tables.

Respondents were also asked to gauge the likelihood that the prices they paid

overall would increase or decrease within certain specified ranges. The average manufacturing respondent reported a roughly two in three chance that the prices they paid would rise by at least 2 percent, but only a 12 percent chance they would rise by at least 8 percent. The average service firm cited a slightly lower chance that prices paid would rise by at least 2 percent but a slightly higher chance that they would rise by 8 percent or more. For both groups of respondents, the perceived likelihood of a rise in costs was down slightly from last December's survey. The average respondent in both manufacturing and services anticipated a less than 5 percent chance that input prices would decline by 2 percent or more.

Finally, businesses were asked how they expected their selling prices to change over the next year. The average expected increase in the current survey was 2.2 percent among service firms and 2.6 percent among manufacturers. These estimates were both down 0.6 percentage point from expectations reported in last year's survey. ■

Supplemental Survey Report, *continued***QUESTION 1**

For each of the following budget categories, please indicate the approximate percentage change in the price you paid in 2019 and the expected percentage change in the price in 2020:

	Empire State Manufacturing Survey		Business Leaders Survey	
	Average Percentage Change Reported for 2019	Average Percentage Change Expected for 2020	Average Percentage Change Reported for 2019	Average Percentage Change Expected for 2020
Wages	3.6	3.7	3.8	4.4
Employee benefits	5.0	5.4	5.6	6.1
Insurance (e.g., liability, fire)	3.3	3.9	4.2	4.3
Outside services	2.3	1.9	2.4	2.7
Energy	1.3	2.2	1.3	1.9
Other commodities	3.2	2.6	1.8	1.8
Overall	4.0	4.5	3.9	4.7

QUESTION 2

What would you say is the percent chance that, over the next twelve months, your prices paid will . . .

	Empire State Manufacturing Survey		Business Leaders Survey	
	Average Percent Chance of Specified Price Change*		Average Percent Chance of Specified Price Change*	
	December 2019 Survey	December 2018 Survey	December 2019 Survey	December 2018 Survey
Increase 8 percent or more	12.3	20.5	14.8	13.9
Increase 2 to 8 percent	53.8	49.9	49.1	53.5
Stay within 2 percent of current levels	29.8	23.8	31.3	28.3
Decrease 2 to 8 percent	3.3	4.0	3.9	3.3
Decrease 8 percent or more	0.8	1.7	1.0	1.0

*Survey respondents were asked to assign a specific percent chance to each possible outcome; the values reported in this table reflect the average indicated percent chance across all respondents.

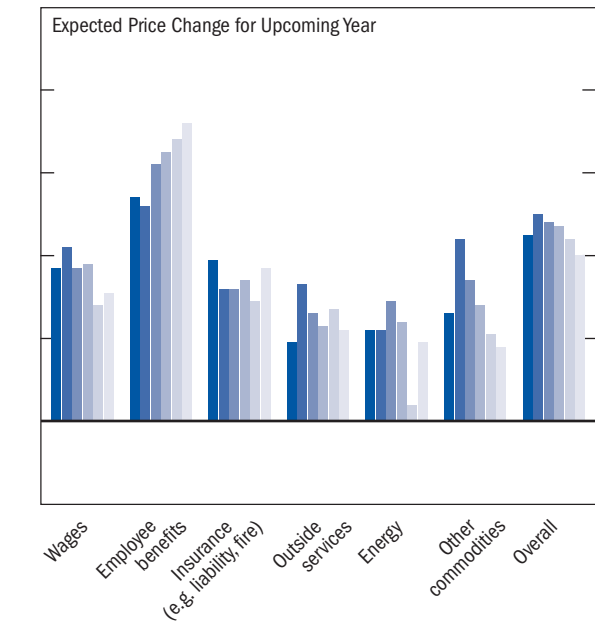
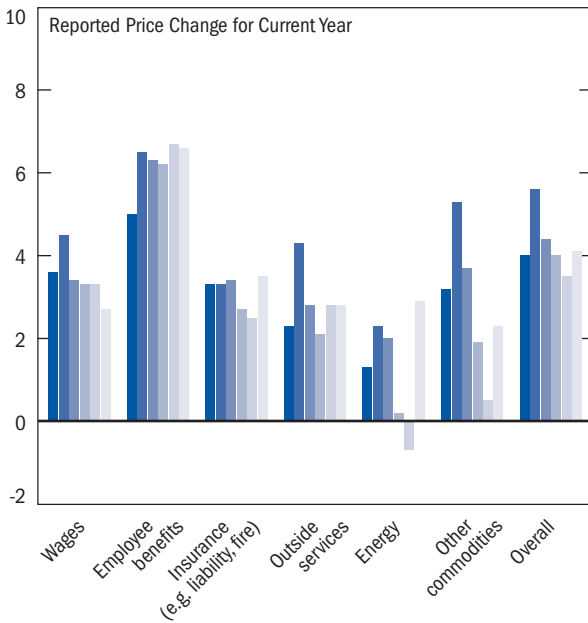
Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 1

For each of the following budget categories, please indicate the approximate percentage change in the price you paid in 2019 and the expected percentage change in the price in 2020:

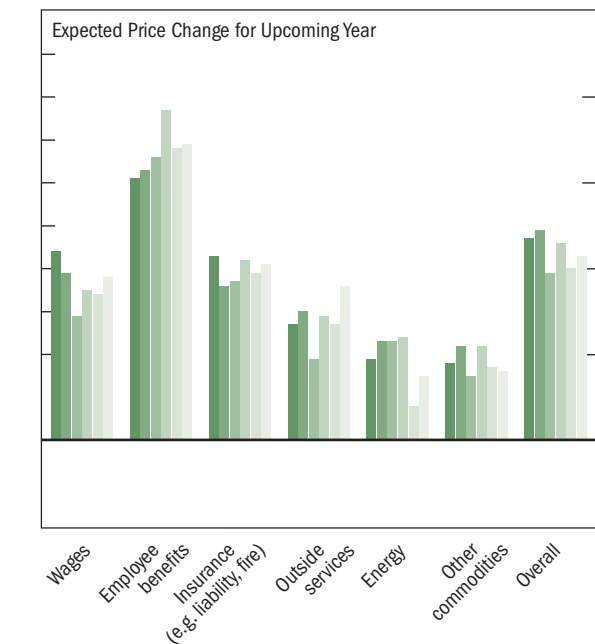
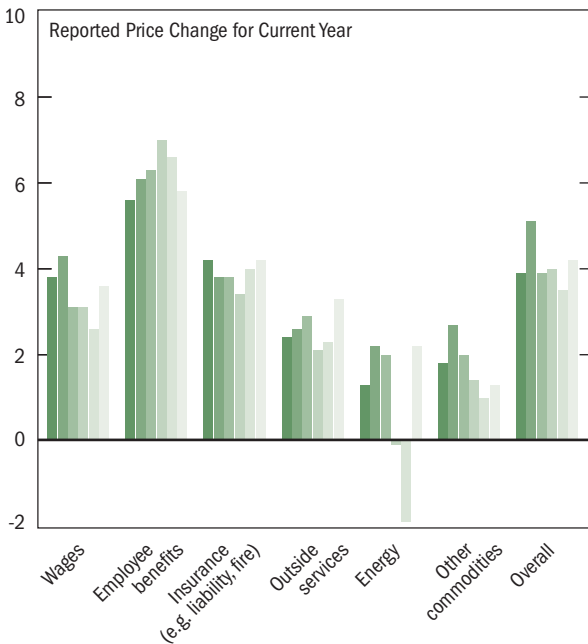
Empire State Manufacturing Survey

■ December 2019 ■ December 2018 ■ December 2017 ■ December 2016 ■ December 2015 ■ December 2014



Business Leaders Survey

■ December 2019 ■ December 2018 ■ December 2017 ■ December 2016 ■ December 2015 ■ December 2014



Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 3

Please estimate the percentage change in your firm's *selling prices* over the next year:

