

# Empire State Manufacturing Survey

Business activity grew strongly in New York State, according to firms responding to the August 2017 *Empire State Manufacturing Survey*. The headline general business conditions index climbed fifteen points to 25.2, its highest level in nearly three years. The new orders index rose seven points to 20.6 and the shipments index edged up to 12.4, pointing to solid gains in orders and shipments. Delivery times continued to lengthen, and inventory levels moved lower. Labor market indicators pointed to an increase in employment and hours worked. Input prices rose at a faster clip than last month, while selling prices rose at a somewhat slower pace. Indexes assessing the six-month outlook suggested that firms were very optimistic about future conditions.

## Activity Picks Up Markedly

Manufacturing firms in New York State reported that business activity expanded

strongly in August. The general business conditions index rose fifteen points to 25.2, its highest level since September 2014. Forty-two percent of respondents reported that conditions had improved over the month, while 17 percent reported that conditions had worsened. The new orders index climbed seven points to 20.6, pointing to a solid increase in orders, and the shipments index rose slightly to 12.4. The unfilled orders index held steady at -4.7. The delivery time index was little changed at 5.4, pointing to somewhat longer delivery times, and the inventories index fell to -3.1, indicating that inventory levels were slightly lower.

## Labor Market Conditions Improve

After retreating for the preceding three months, the index for number of employees increased two points to 6.2, pointing to a modest rise in

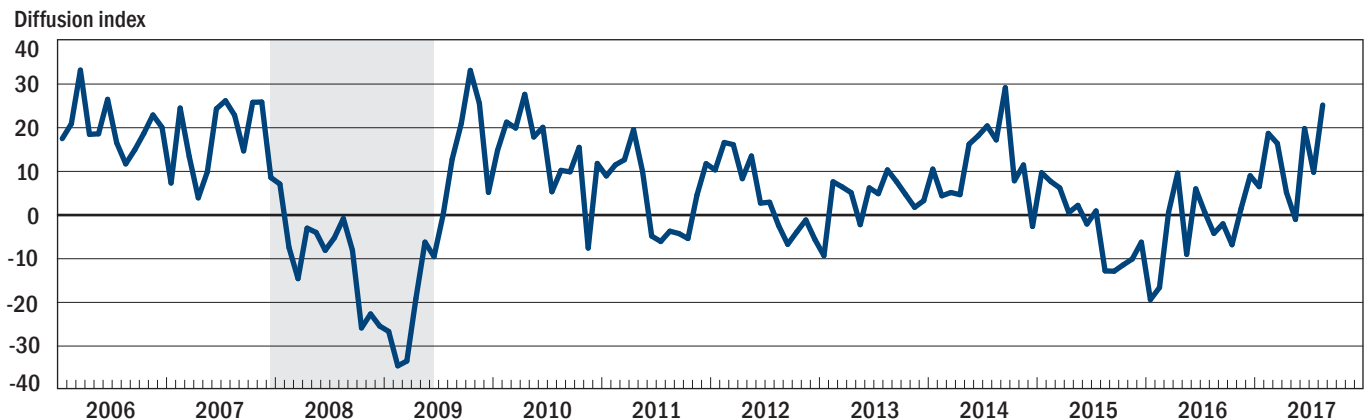
employment levels, and the average workweek index advanced to 10.9, indicating that the average workweek lengthened. The prices paid index rose ten points to 31.0, a sign that input price increases picked up, while the prices received index fell five points to 6.2, suggesting that the pace of selling price increases moderated slightly.

## Firms Very Optimistic

Indexes assessing the six-month outlook suggested that firms were quite optimistic about future conditions. The index for future business conditions rose ten points to 45.2, and the index for future new orders moved up eight points to 41.3. Employment was expected to increase modestly, though the average workweek was expected to decline slightly. The capital expenditures index slipped to 11.6, and the technology spending index fell to 9.3. ■

## General Business Conditions

Seasonally Adjusted

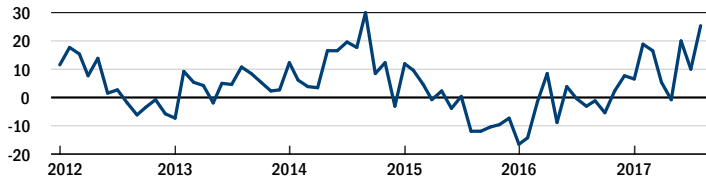


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

# Current Indicators

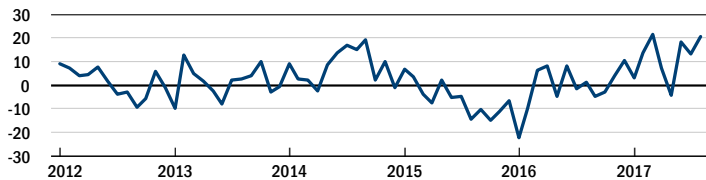
Change from Preceding Month

## General Business Conditions



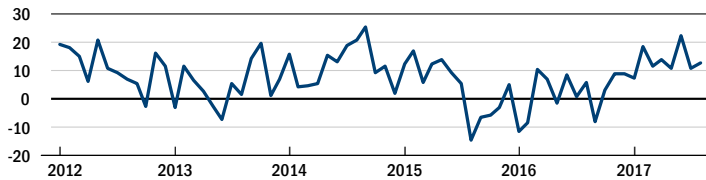
	Percent Reporting		Index
	Higher	Lower	
Jul	30.0	20.2	9.8
Aug	42.4	17.2	25.2
Change			15.4

## New Orders



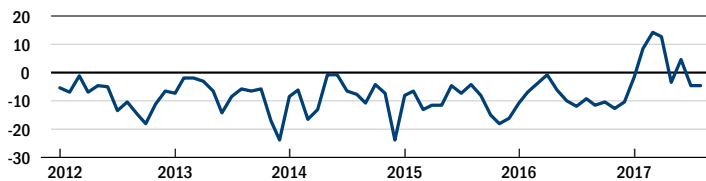
	Percent Reporting		Index
	Higher	Lower	
Jul	35.6	22.3	13.3
Aug	42.0	21.5	20.6
Change			7.3

## Shipments



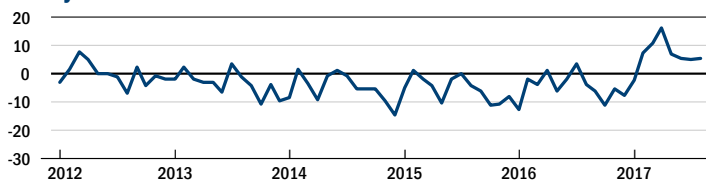
	Percent Reporting		Index
	Higher	Lower	
Jul	33.0	22.5	10.5
Aug	33.7	21.3	12.4
Change			1.9

## Unfilled Orders



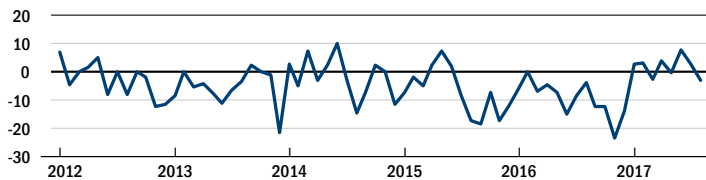
	Percent Reporting		Index
	Higher	Lower	
Jul	11.8	16.5	-4.7
Aug	16.3	20.9	-4.7
Change			0.0

## Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Jul	14.2	9.4	4.7
Aug	17.1	11.6	5.4
Change			0.7

## Inventories

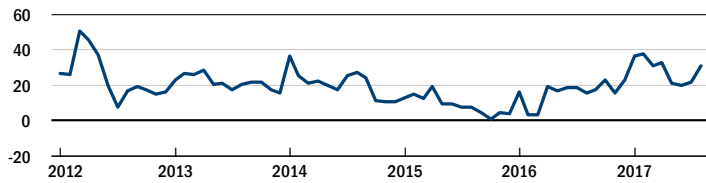


	Percent Reporting		Index
	Higher	Lower	
Jul	22.0	19.7	2.4
Aug	23.3	26.4	-3.1
Change			-5.5

## Current Indicators, *continued*

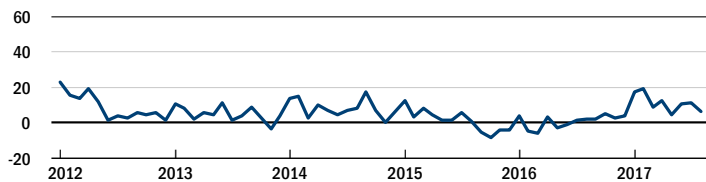
Change from Preceding Month

### Prices Paid



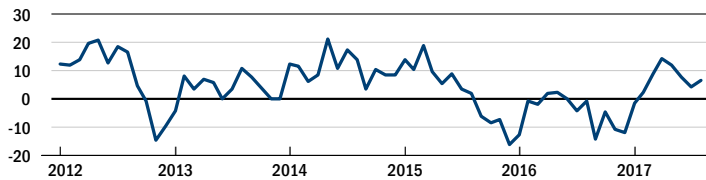
	Percent Reporting		Index
	Higher	Lower	
Jul	26.0	4.7	21.3
Aug	31.8	0.8	31.0
Change			9.7

### Prices Received



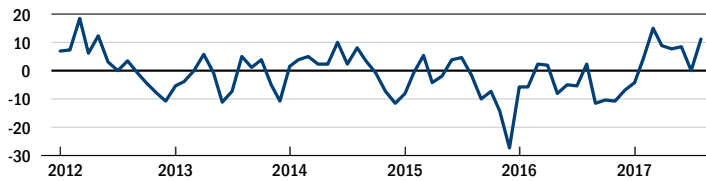
	Percent Reporting		Index
	Higher	Lower	
Jul	17.3	6.3	11.0
Aug	10.9	4.7	6.2
Change			-4.8

### Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jul	14.2	10.2	3.9
Aug	20.9	14.7	6.2
Change			2.3

### Average Employee Workweek



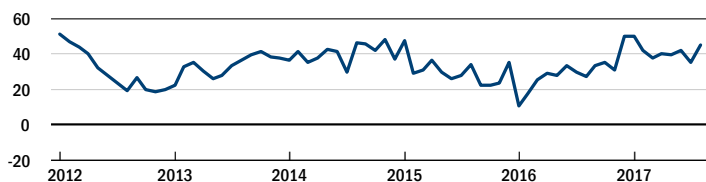
	Percent Reporting		Index
	Higher	Lower	
Jul	14.2	14.2	0.0
Aug	23.3	12.4	10.9
Change			10.9

Note: Data are seasonally adjusted.

# Forward-Looking Indicators

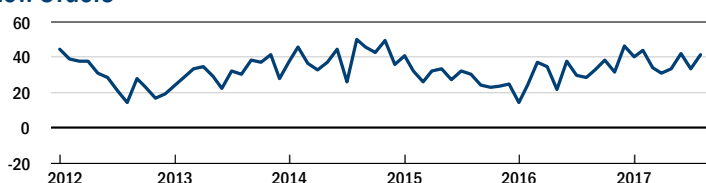
Expectations Six Months Ahead

## General Business Conditions



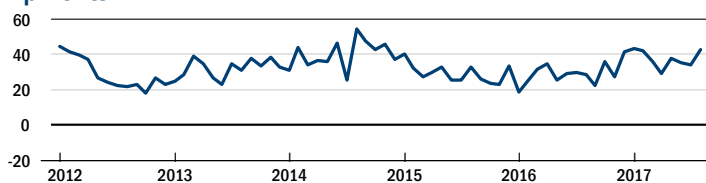
	Percent Reporting		Index
	Higher	Lower	
Jul	45.9	11.0	34.9
Aug	53.9	8.6	45.2
Change			10.3

## New Orders



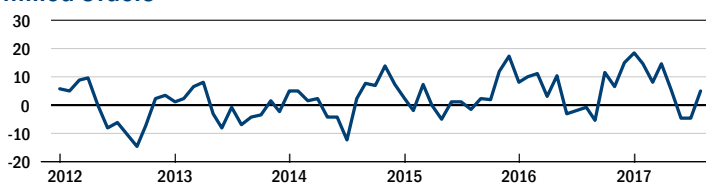
	Percent Reporting		Index
	Higher	Lower	
Jul	46.8	13.4	33.4
Aug	53.2	11.9	41.3
Change			7.9

## Shipments



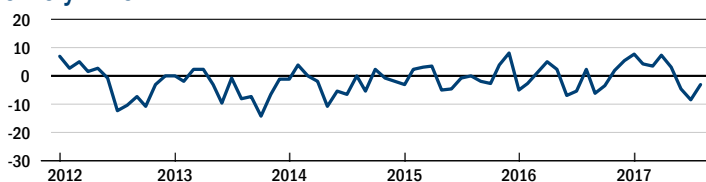
	Percent Reporting		Index
	Higher	Lower	
Jul	46.6	12.7	33.9
Aug	53.0	10.2	42.7
Change			8.8

## Unfilled Orders



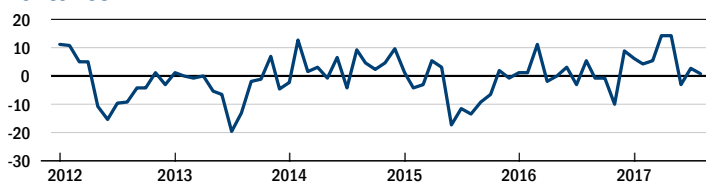
	Percent Reporting		Index
	Higher	Lower	
Jul	9.4	14.2	-4.7
Aug	14.7	10.1	4.7
Change			9.4

## Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Jul	6.3	15.0	-8.7
Aug	9.3	12.4	-3.1
Change			5.6

## Inventories

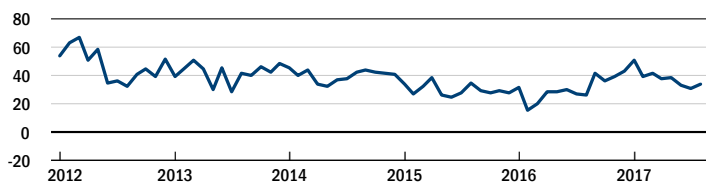


	Percent Reporting		Index
	Higher	Lower	
Jul	23.6	21.3	2.4
Aug	20.2	19.4	0.8
Change			-1.6

## Forward-Looking Indicators, *continued*

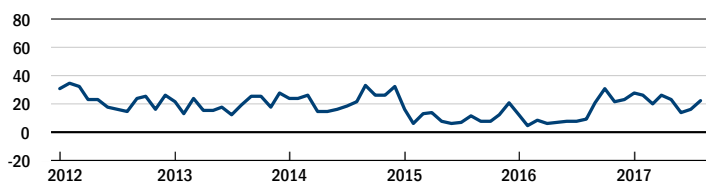
Expectations Six Months Ahead

### Prices Paid



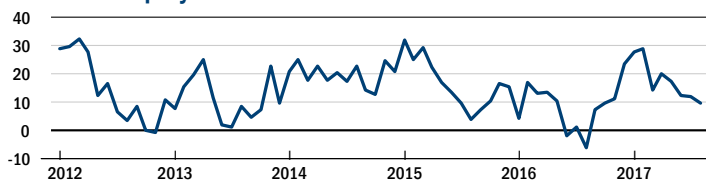
	Percent Reporting		Index
	Higher	Lower	
Jul	35.4	4.7	30.7
Aug	38.0	4.7	33.3
Change			2.6

### Prices Received



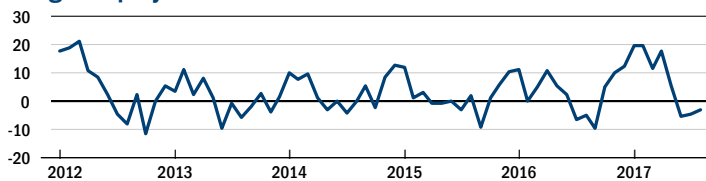
	Percent Reporting		Index
	Higher	Lower	
Jul	22.0	6.3	15.7
Aug	27.1	5.4	21.7
Change			6.0

### Number of Employees



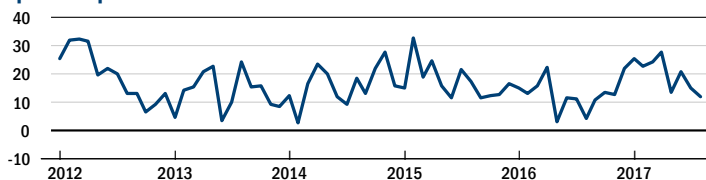
	Percent Reporting		Index
	Higher	Lower	
Jul	22.0	10.2	11.8
Aug	19.4	10.1	9.3
Change			-2.5

### Average Employee Workweek



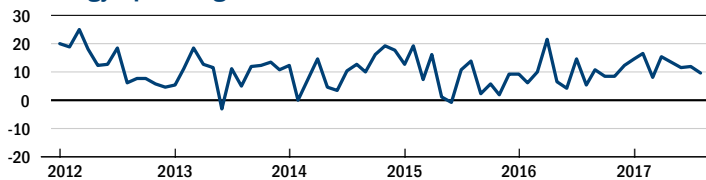
	Percent Reporting		Index
	Higher	Lower	
Jul	10.2	15.0	-4.7
Aug	9.4	12.5	-3.1
Change			1.6

### Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Jul	22.8	7.9	15.0
Aug	23.3	11.6	11.6
Change			-3.4

### Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Jul	19.7	7.9	11.8
Aug	18.6	9.3	9.3
Change			-2.5

Note: Data are seasonally adjusted.