

# December 2003

## Empire State Manufacturing Survey



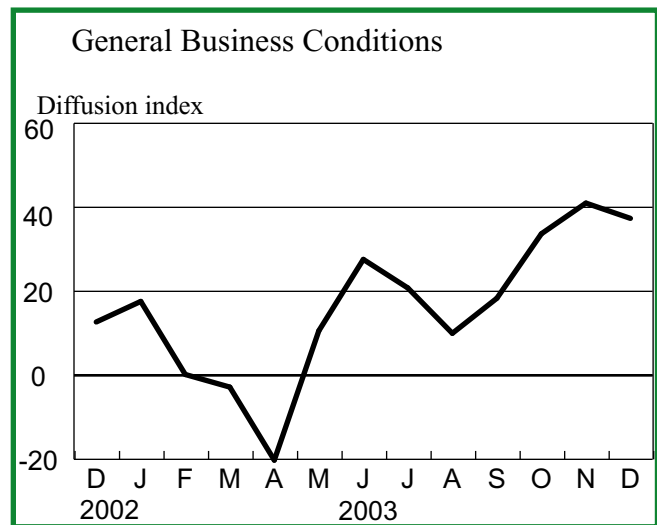
### Summary

The *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers improved substantially in December. The general business conditions index was positive for an eighth consecutive month at 37.4. The new orders index remained positive and held to a relatively high level, and the shipments index rose for a third month to reach a record high. The unfilled orders index reached its highest level in more than a year. The inventories index was positive for a second month. Pricing pressures continued – the prices paid index remained positive, while the prices received index rose slightly but remained negative. Employment indexes were positive and higher than last month. Future indexes indicated considerable optimism, continuing recent trends. In particular, the future prices received index jumped more than 15 points, the future number of employees index rose 8 points, and the capital expenditures index rose 12 points to a new record high.

### Conditions Continue to Improve

The December general business conditions index remained near the record level set in November, falling just a few points to 37.4. Nearly half of respondents reported that conditions had improved from last month, while only 11 percent reported that conditions had deteriorated. This marks eight consecutive positive readings for this index, with each positive reading building on gains from previous months. The new orders index remained positive at 31.2--above 30 for a third successive month--as 47 percent of respondents reported a rise in orders. The shipments index reached a record high 39.3, with more than 50 percent of respondents indicating a rise in shipments in December. The unfilled orders index rose more than ten points to 11.6, its highest level in more than a year. Twenty-four percent of respondents reported an increase in unfilled orders from last month. The delivery time index rose to zero, with 9 percent of respondents reporting longer delivery times. The inventories index was positive for a second consecutive month, reaching 4.8, with 25 percent of respondents indicating that inventories had risen and 20 percent indicating that they had fallen.

The prices paid index was 12.5, close to last month's level, with 16 percent of respondents reporting a rise in prices and only 4 percent reporting a decline. The prices received index improved slightly from last month, but remained negative at -1.0. The vast majority of respondents, 86 percent, reported no change in prices received.



### Employment Indexes Remain Positive

Employment indexes were positive and slightly higher than last month. The number of employees index rose to 11.5, with 21 percent of respondents reporting an increase in employment levels and 10 percent reporting a decline. The average workweek index reached 16.0, with 25 percent of respondents reporting a longer workweek and 9 percent reporting a shorter workweek.

### Future Price Increases Expected

Future indexes continued to show strong optimism. The future general business conditions, new orders, and shipments indexes all were above 60. The future prices paid index reached a record high of 31.7, with 38 percent of respondents expecting prices to rise in six months. The future prices received index jumped more than 15 points, reaching 20.2--a fourth consecutive positive reading and a new record high. The future number of employees index rose to 33.7, with 40 percent of respondents expecting to increase hiring activity. The capital expenditures index rose for a fourth consecutive month, increasing 12 points to 42.3, its highest level on record, with half of respondents expecting to increase spending in six months.

### 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.

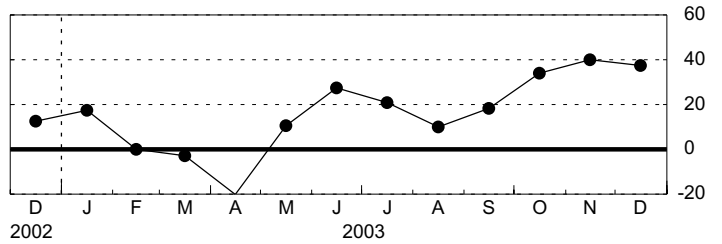
# Empire State Manufacturing Survey, December 2003

Seasonally Adjusted

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	48.77	42.61	8.62	40.14
Dec	48.26	40.84	10.89	37.37

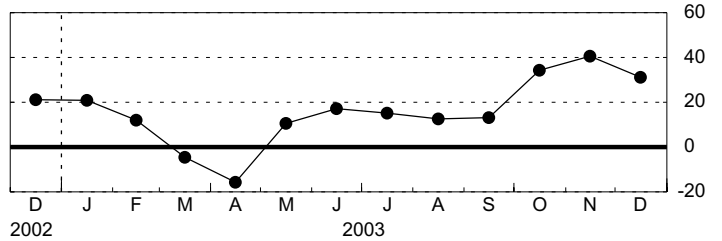
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	51.26	37.96	10.77	40.49
Dec	47.21	36.77	16.01	31.20

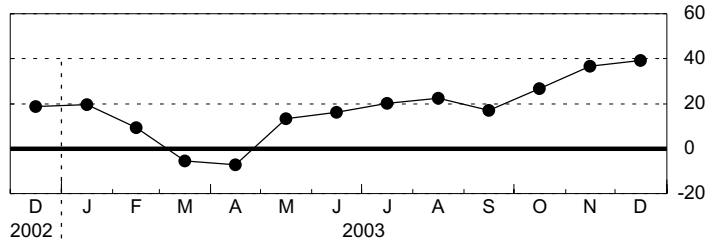
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	49.09	38.56	12.35	36.74
Dec	53.18	32.95	13.86	39.32

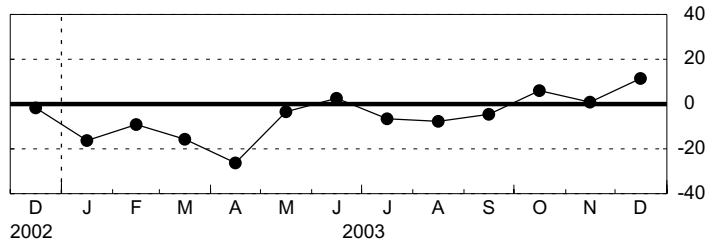
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	13.43	74.12	12.45	0.98
Dec	24.14	63.35	12.51	11.63

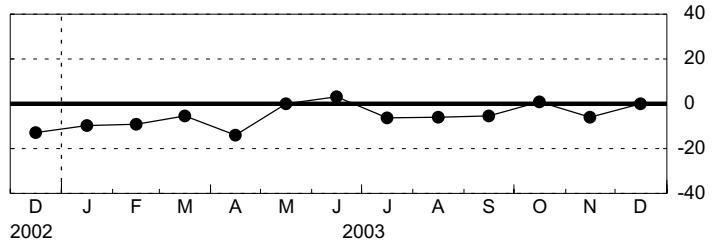
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	4.24	85.59	10.17	-5.93
Dec	8.65	82.69	8.65	0.00

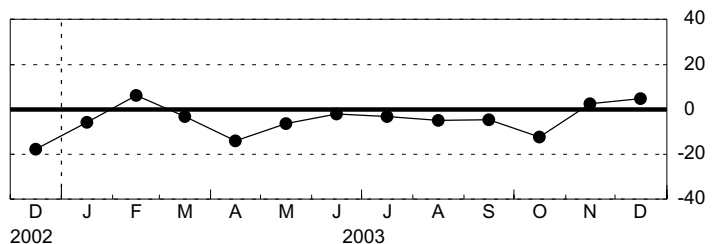
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	25.42	51.69	22.88	2.54
Dec	25.00	54.81	20.19	4.81

## Inventories - Diffusion Index



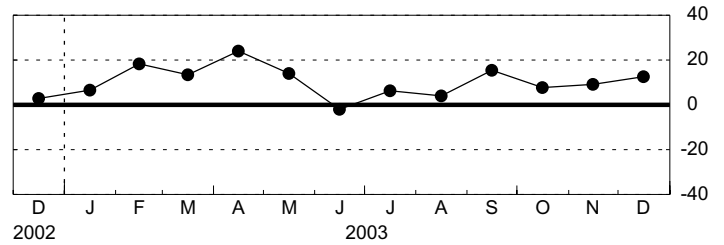
## Empire State Manufacturing Survey, December 2003

### Seasonally Adjusted

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	16.95	75.42	7.63	9.32
Dec	16.35	79.81	3.85	12.50

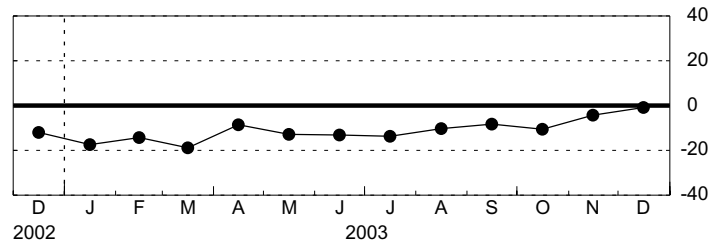
#### Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	5.08	85.59	9.32	-4.24
Dec	6.73	85.58	7.69	-0.96

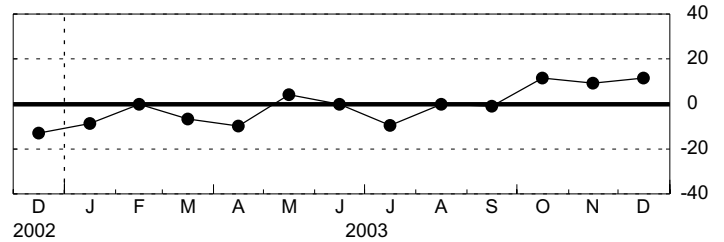
#### Prices Received - Diffusion Index



#### No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	22.03	65.25	12.71	9.32
Dec	21.15	69.23	9.62	11.54

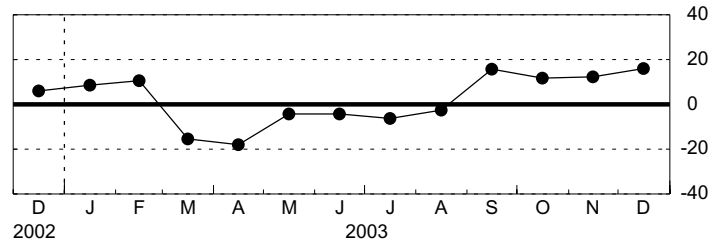
#### No. of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	20.31	71.67	8.02	12.30
Dec	25.22	65.57	9.21	16.01

#### Average Employee Workweek - Diffusion Index



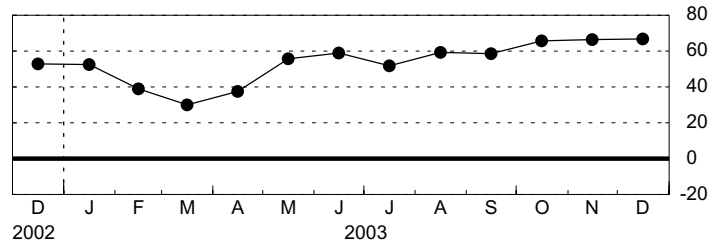
# Empire State Manufacturing Survey, December 2003, Expectations Six Months Ahead

Seasonally Adjusted

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	71.85	22.75	5.40	66.45
Dec	73.44	19.87	6.69	66.76

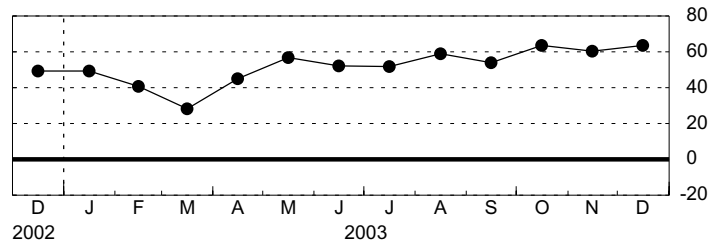
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	68.44	23.34	8.22	60.22
Dec	72.33	18.74	8.93	63.40

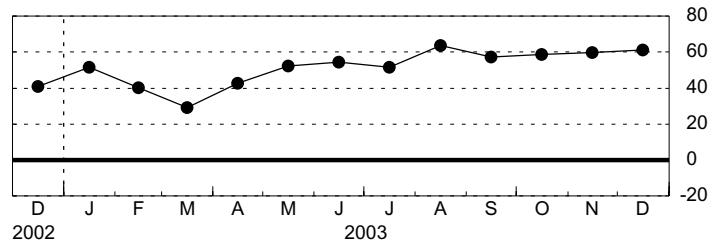
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	67.28	25.22	7.51	59.77
Dec	67.62	26.17	6.21	61.41

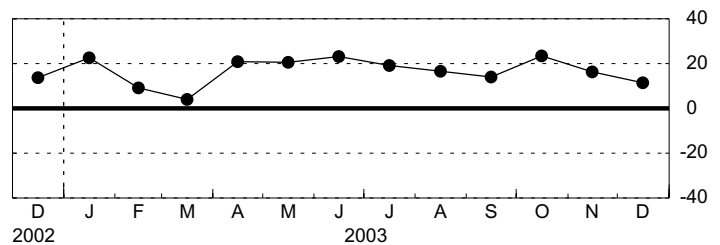
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	25.48	65.34	9.18	16.30
Dec	21.57	68.25	10.18	11.39

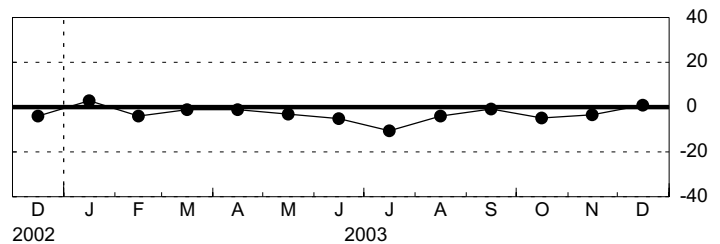
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	7.63	81.36	11.02	-3.39
Dec	11.54	77.88	10.58	0.96

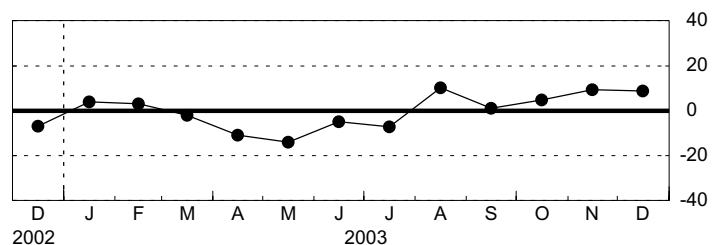
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	32.20	44.92	22.88	9.32
Dec	29.81	49.04	21.15	8.65

## Inventories - Diffusion Index

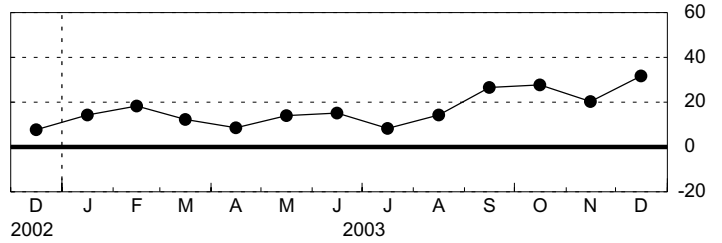


# Empire State Manufacturing Survey, December 2003, Expectations Six Months Ahead Seasonally Adjusted

## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	28.81	62.71	8.47	20.34
Dec	37.50	56.73	5.77	31.73

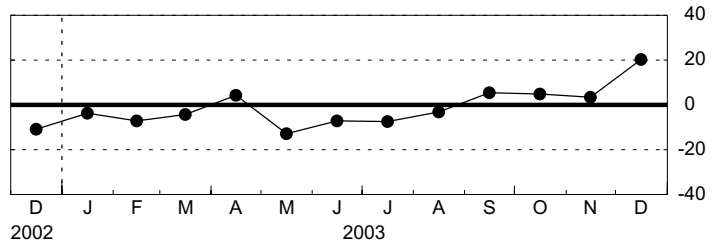
**Prices Paid - Diffusion Index**



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	16.10	71.19	12.71	3.39
Dec	29.81	60.58	9.62	20.19

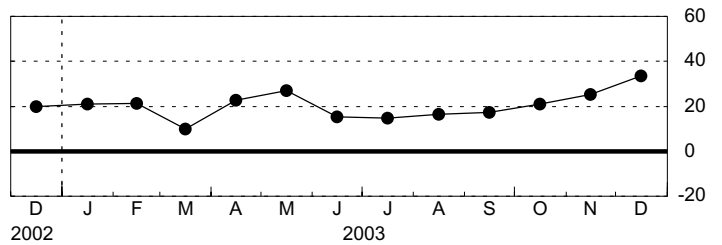
**Prices Received - Diffusion Index**



## No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	37.29	50.85	11.86	25.42
Dec	40.38	52.88	6.73	33.65

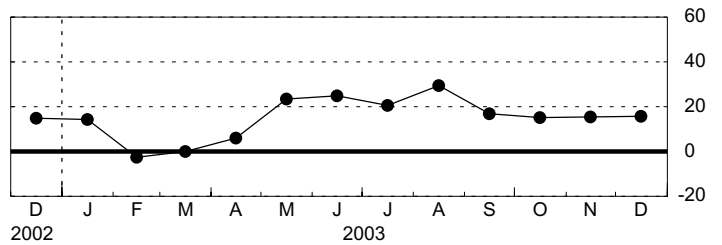
**No. of Employees - Diffusion Index**



## Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	24.06	67.49	8.45	15.62
Dec	23.36	69.11	7.53	15.82

**Average Employee Workweek - Diffusion Index**



## Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	42.37	45.76	11.86	30.51
Dec	50.00	42.31	7.69	42.31

**Capital Expenditures - Diffusion Index**

