

Empire State Manufacturing Survey

Business activity continued to decline in New York State, according to firms responding to the October 2016 *Empire State Manufacturing Survey*. The headline general business conditions index slipped five points to -6.8. The new orders index edged up but remained negative at -5.6, indicating an ongoing drop in orders, and the shipments index increased to -0.6, suggesting that shipments were essentially flat. Labor market conditions remained weak, with both employment levels and the average workweek reported as lower. Price indexes increased somewhat, and continued to signal moderate input price increases and a slight increase in selling prices. Indexes for the six-month outlook suggested that manufacturing firms expect conditions to improve in the months ahead.

Business Activity Continues to Decline

For the third consecutive month, manufacturing firms in New York State reported a modest decline in business activity. The general business conditions index retreated five points to -6.8 in October. Twenty-seven percent of respondents reported that conditions had improved over the month, while 33 percent reported that conditions had worsened. The new orders index increased slightly but remained negative at -5.6, indicating that orders continued to decline, and the shipments index rose nine points to -0.6—evidence that shipments were essentially flat. The unfilled orders index was little changed at -10.4, and the delivery time index fell to -11.3, signaling shorter delivery times. The inventories index held at -12.3, suggesting that inventory

levels declined at roughly the same pace as last month.

Labor Market Remains Weak

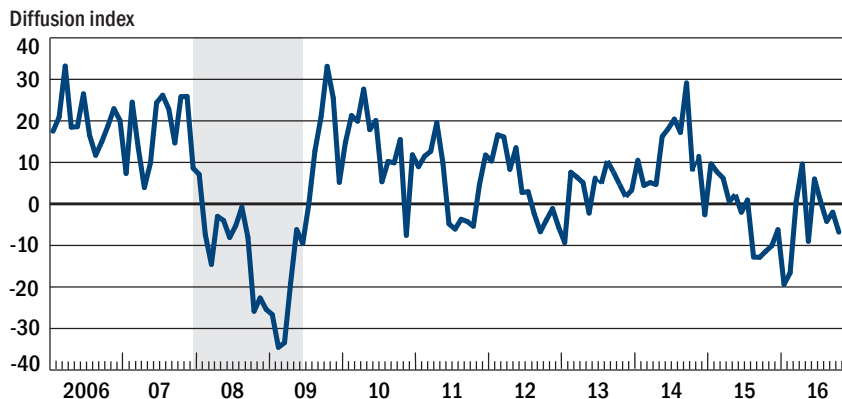
After reaching their lowest levels of the year last month, both labor market indexes rose, but remained negative. The employment index increased ten points to -4.7 and the average workweek index edged up one point to -10.4, indicating that employment counts and hours worked continued to decline. The prices paid index increased six points to 22.6, suggesting that input prices continued to rise at a moderate pace, and the prices received index increased three points to 4.7, pointing to a slight upturn in selling prices.

Outlook Remains Optimistic

Indexes for the six-month outlook suggested that respondents were more optimistic about future conditions than in September. The index for future business conditions increased two points to 36.0. In addition, the index for future new orders rose seven points to 39.0 and the index for future shipments jumped fifteen points to 36.5, indicating that manufacturing firms anticipated a significant increase in activity. In a sign that firms looked to expand employment in the months ahead, the index for future employment moved further into positive territory. Indexes for future prices suggested that firms expected both input prices and selling prices to increase over the next six months. The capital expenditures index rose modestly to 13.2, while the technology spending index edged back to 8.5. ■

General Business Conditions

Seasonally Adjusted

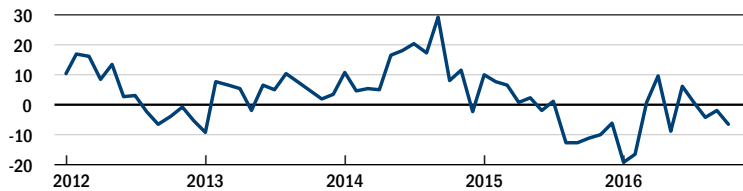


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

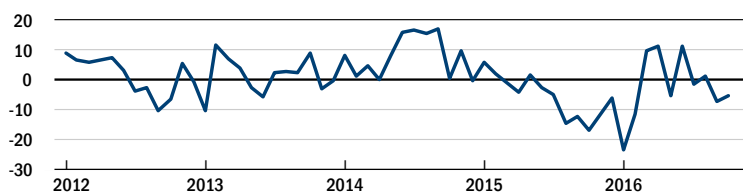
Change from Preceding Month

General Business Conditions



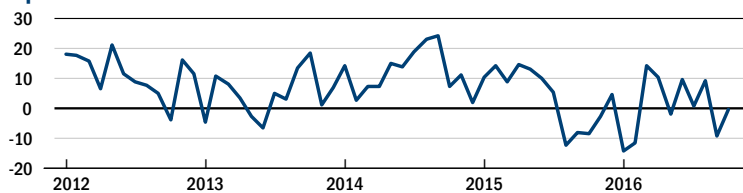
	Percent Reporting		Index
	Higher	Lower	
Sep	22.1	24.1	-2.0
Oct	26.6	33.4	-6.8
Change			-4.8

New Orders



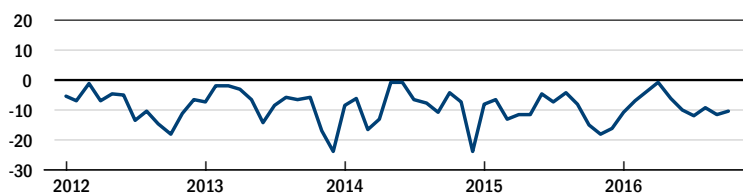
	Percent Reporting		Index
	Higher	Lower	
Sep	22.6	30.1	-7.5
Oct	26.7	32.3	-5.6
Change			1.9

Shipments



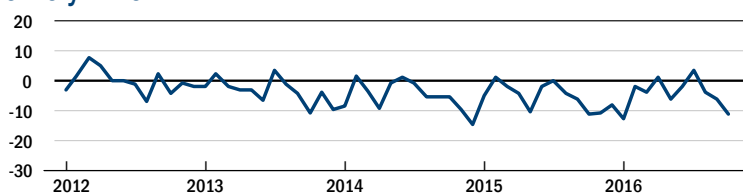
	Percent Reporting		Index
	Higher	Lower	
Sep	18.6	28.0	-9.4
Oct	29.3	29.9	-0.6
Change			8.8

Unfilled Orders



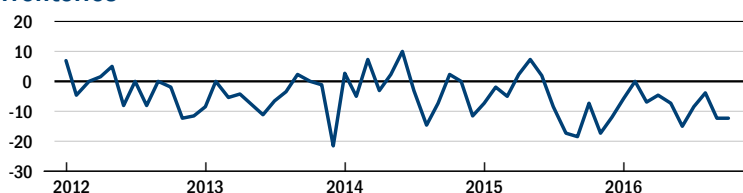
	Percent Reporting		Index
	Higher	Lower	
Sep	11.6	23.2	-11.6
Oct	9.4	19.8	-10.4
Change			1.2

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Sep	7.1	13.4	-6.3
Oct	7.5	18.9	-11.3
Change			-5.0

Inventories

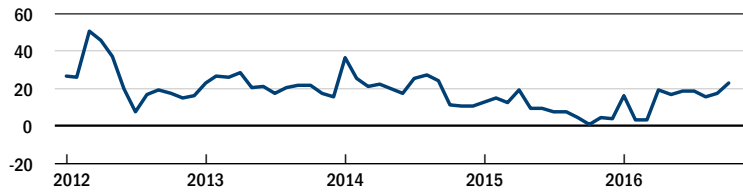


	Percent Reporting		Index
	Higher	Lower	
Sep	16.1	28.6	-12.5
Oct	19.8	32.1	-12.3
Change			0.2

Current Indicators, *continued*

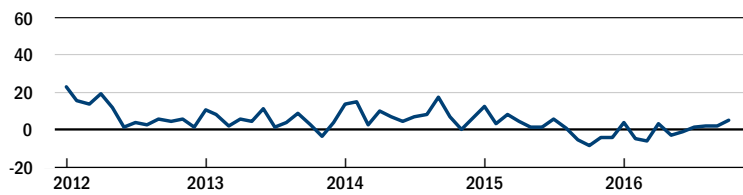
Change from Preceding Month

Prices Paid



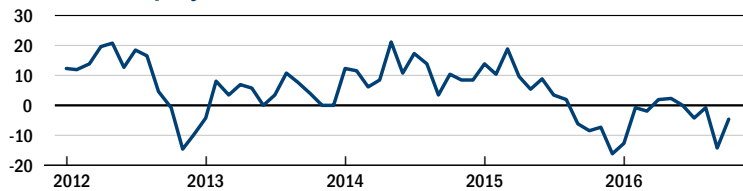
	Percent Reporting		Index
	Higher	Lower	
Sep	18.8	1.8	17.0
Oct	24.5	1.9	22.6
Change			5.6

Prices Received



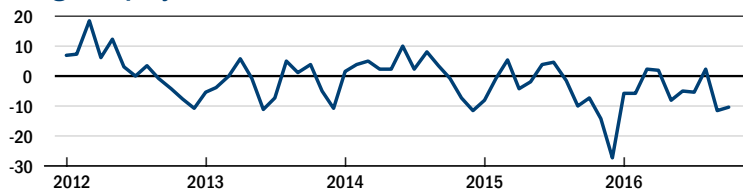
	Percent Reporting		Index
	Higher	Lower	
Sep	9.8	8.0	1.8
Oct	11.3	6.6	4.7
Change			2.9

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Sep	10.7	25.0	-14.3
Oct	15.1	19.8	-4.7
Change			9.6

Average Employee Workweek



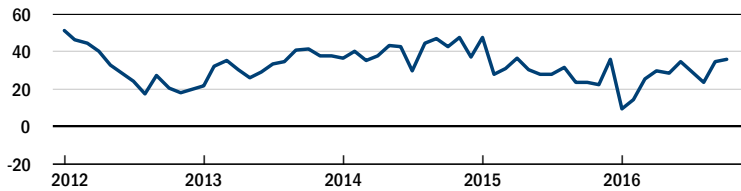
	Percent Reporting		Index
	Higher	Lower	
Sep	7.1	18.8	-11.6
Oct	9.4	19.8	-10.4
Change			1.2

Note: Data are seasonally adjusted.

Forward-Looking Indicators

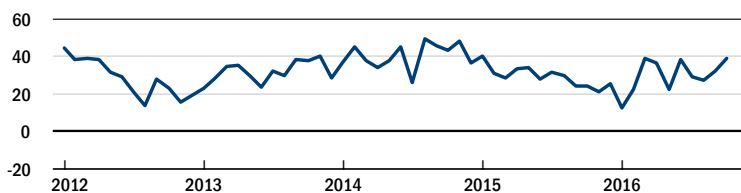
Expectations Six Months Ahead

General Business Conditions



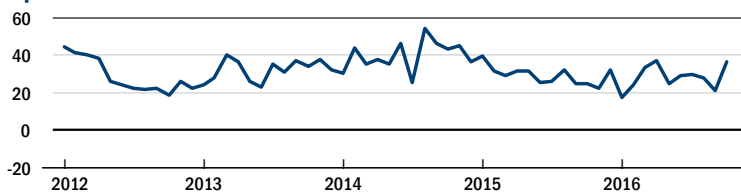
	Percent Reporting		Index
	Higher	Lower	
Sep	48.3	13.7	34.5
Oct	47.2	11.2	36.0
Change			1.5

New Orders



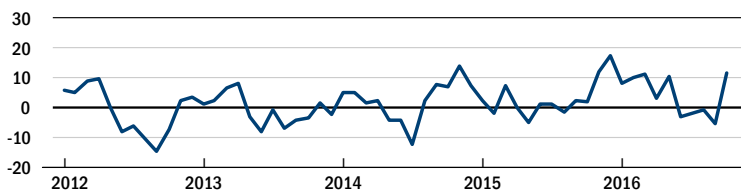
	Percent Reporting		Index
	Higher	Lower	
Sep	48.1	16.2	31.9
Oct	51.1	12.1	39.0
Change			7.1

Shipments



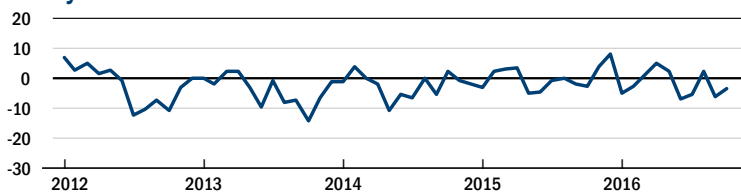
	Percent Reporting		Index
	Higher	Lower	
Sep	38.4	17.2	21.2
Oct	47.2	10.6	36.5
Change			15.3

Unfilled Orders



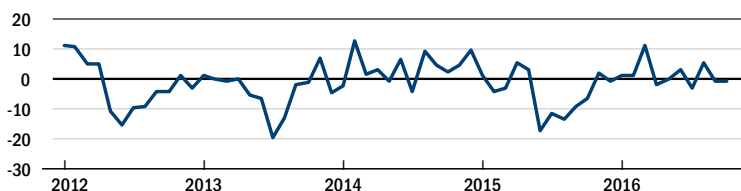
	Percent Reporting		Index
	Higher	Lower	
Sep	8.9	14.3	-5.4
Oct	17.9	6.6	11.3
Change			16.7

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Sep	6.3	12.5	-6.3
Oct	9.4	13.2	-3.8
Change			2.5

Inventories

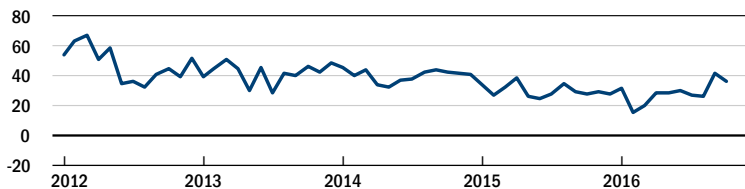


	Percent Reporting		Index
	Higher	Lower	
Sep	25.9	26.8	-0.9
Oct	20.8	21.7	-0.9
Change			0.0

Forward-Looking Indicators, *continued*

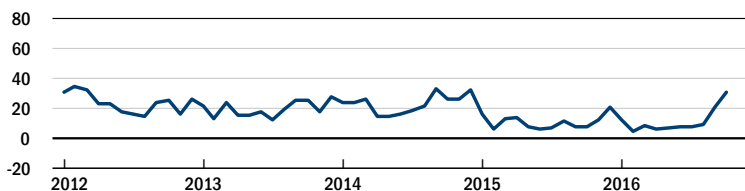
Expectations Six Months Ahead

Prices Paid



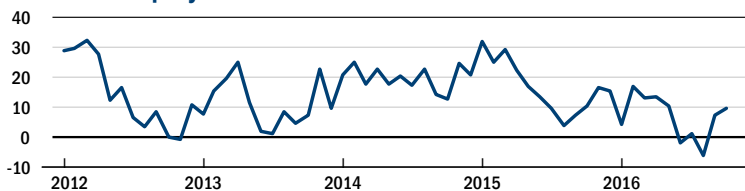
	Percent Reporting		Index
	Higher	Lower	
Sep	43.8	2.7	41.1
Oct	37.7	1.9	35.8
Change			-5.3

Prices Received



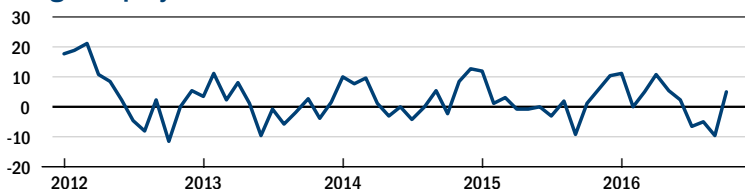
	Percent Reporting		Index
	Higher	Lower	
Sep	28.6	8.0	20.5
Oct	35.8	5.7	30.2
Change			9.7

Number of Employees



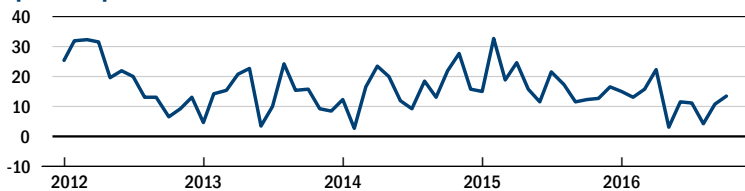
	Percent Reporting		Index
	Higher	Lower	
Sep	25.9	18.8	7.1
Oct	24.5	15.1	9.4
Change			2.3

Average Employee Workweek



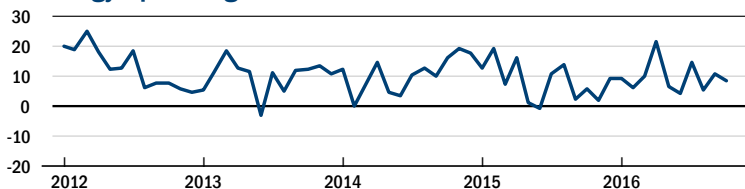
	Percent Reporting		Index
	Higher	Lower	
Sep	8.0	17.9	-9.8
Oct	15.1	10.4	4.7
Change			14.5

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Sep	27.7	17.0	10.7
Oct	27.4	14.2	13.2
Change			2.5

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Sep	22.3	11.6	10.7
Oct	18.9	10.4	8.5
Change			-2.2

Note: Data are seasonally adjusted.