

Supplemental Survey Report

Selling Prices Expected to Rise 2 Percent in Year Ahead

The supplementary questions to the June 2016 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on past and expected changes in both the prices firms pay for inputs and the prices they charge their customers. The same set of questions had previously been asked in surveys conducted in May 2015 and each May starting in 2008; select questions had first been posed in 2007.

The median respondent, in both the Empire State (manufacturing) and Business Leaders (service sector) surveys, indicated that *prices paid for inputs* rose by 2.0 percent over the past twelve months. When respondents were asked to assess changes in their *selling prices* over the past year, the median increase reported was just 1 percent among manufacturers and

2.0 percent among service firms—the same readings as in last year's survey.

Looking ahead to the next twelve months, firms in both surveys said they did not anticipate any substantial changes. The median manufacturing respondent expected *input prices* to rise 2.0 percent, while the median service sector respondent anticipated a 2.5 percent increase. Insofar as *selling prices* go, the median expected increase was 2.0 percent, among both manufacturers and service sector firms.

Regarding the perceived probabilities of various price scenarios, manufacturing respondents, on average, estimated a 49 percent chance that prices paid would rise by at least 2 percent. Service sector respondents estimated a 9 percent chance,

on average, that prices paid would rise 8 percent or more and a 47 percent chance that prices paid would rise at least 2 percent. Both manufacturers and service firms reported a roughly 6 percent chance, on average, that prices would decline by more than 2 percent.

Finally, manufacturers, on average, saw a 6 percent chance that they would raise their selling prices by 8 percent or more and a 41 percent chance that they would raise prices by at least 2 percent. Among service firms, the corresponding probabilities were 7 percent and 45 percent. At the other end of the spectrum, the average manufacturing respondent reported an 11 percent chance that prices received would fall 2 percent or more, while the average service sector firm reported an 8 percent chance. ■

Supplemental Survey Report, *continued*

QUESTION 1

By what percentage have your input and selling prices changed over the *past* twelve months?

	June 2016		May 2015	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	2.0	2.0	2.0	3.0
Your selling prices	1.0	2.0	1.0	2.0

QUESTION 2

By what percentage do you expect your input and selling prices to change over the *next* twelve months?

	June 2016		May 2015	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	2.0	2.5	3.0	3.0
Your selling prices	2.0	2.0	2.0	3.0

Supplemental Survey Report, *continued*

QUESTION 3

What would you say is the percentage chance that, over the next 12 months, the prices you pay will ...

	June 2016 Survey		May 2015 Survey	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Average Percentage Chance of Specified Price Change*		Average Percentage Chance of Specified Price Change*	
Increase 8 percent or more	7.8	9.3	6.2	7.3
Increase 2 to 8 percent	41.5	37.7	40.6	46.6
Stay within 2 percent of current levels	44.9	46.8	46.6	40.3
Decrease 2 to 8 percent	4.6	4.6	5.2	4.7
Decrease 8 percent or more	1.1	1.5	1.4	1.1

QUESTION 4

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

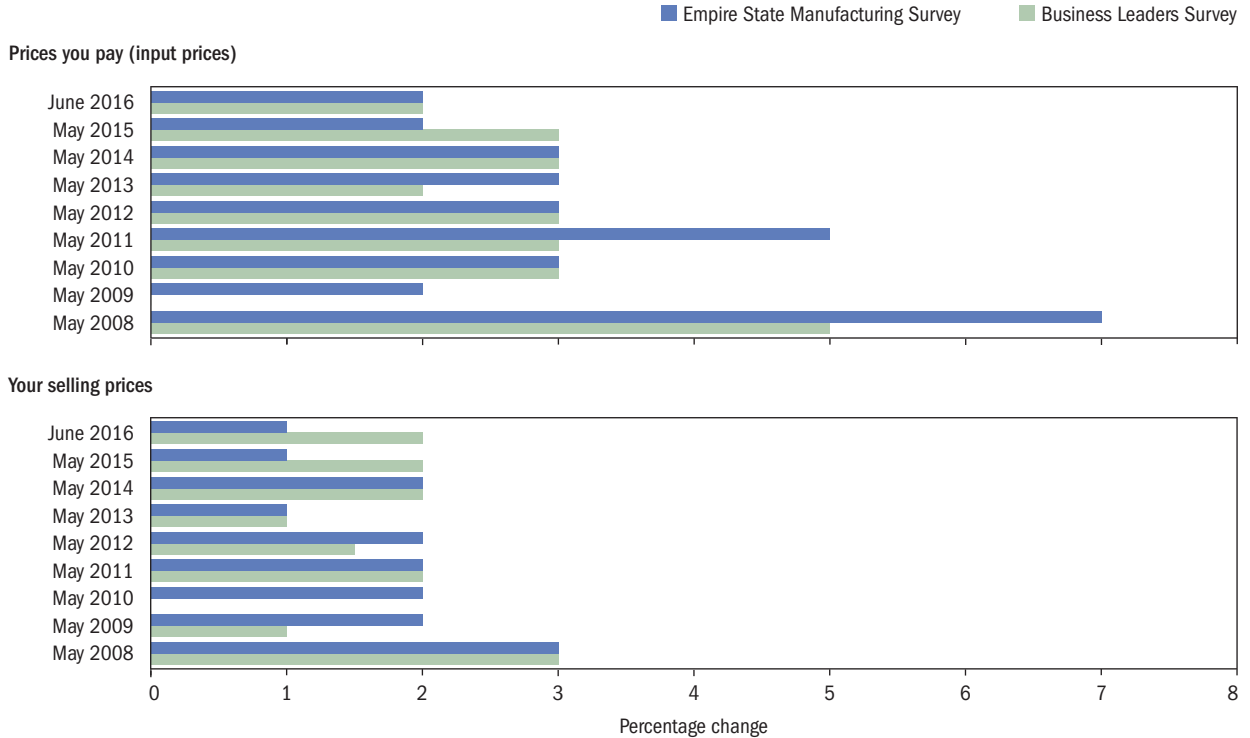
	June 2016 Survey		May 2015 Survey	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Average Percentage Chance of Specified Price Change*		Average Percentage Chance of Specified Price Change*	
Increase 8 percent or more	5.7	6.9	1.9	6.7
Increase 2 to 8 percent	34.8	37.7	38.9	37.4
Stay within 2 percent of current levels	48.1	47.5	48.0	44.8
Decrease 2 to 8 percent	10.6	5.9	9.8	8.0
Decrease 8 percent or more	0.8	2.0	1.3	3.0

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

Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 1

By what percentage have your input and selling prices changed over the *past* twelve months?



HISTORICAL OVERVIEW FOR QUESTION 2

By what percentage do you expect your input and selling prices to change over the *next* twelve months?

