

Supplemental Report:

Sales, Employment Rebound in 2010; Exports on the Rise

In a series of supplementary questions to the July 2010 *Empire State Manufacturing Survey*, manufacturers were asked how much their sales and employment levels had changed between the first half of 2009 and the first half of 2010 and how they expected these measures to evolve for the full year. Similar questions had been posed in earlier surveys. Manufacturers were also queried about their exports and the prospects for marketing their products abroad.

In this year's survey, the median respondent reported that sales were up 7 percent for the first half of 2010 and were expected to be up 8 percent for the full calendar year—a stark contrast with the results of last July's survey, when the median respondent reported 15 percent declines for the corresponding time horizons in 2009. In the current survey, the number of employees was reported to be unchanged in the first half of the year and was expected to remain so over the full year. In the 2009 survey, the median estimated

change in employment was a 10 percent drop—both for the first half of the year and for all of 2009.

Survey respondents were also asked if they had recently modified their production plans for the second half of 2010. Thirty-three percent of respondents reported that they had expanded production plans, while just 19 percent said that they had scaled them back. These findings represent a fairly dramatic turnaround from last July's survey results, in which 63 percent of those polled said that they had cut back production plans. The responses to the current survey are also more positive than those elicited in the July 2008 survey.

In a separate series of questions—not posed previously—firms were asked about the importance of exports in their revenue stream and about their marketing efforts abroad. In general, firms reported that exports have accounted for a rising share of their revenues this year: the median share was reported to be 6 percent

this year, up from 5 percent in 2008 and 2009. Fewer than 20 percent of respondents indicated that they derived no revenue directly from exports.

Firms were also asked how their international marketing resources were allocated across different parts of the world. According to the responses, Canada received the largest share, garnering 36 percent of resources, on average, followed by Europe (20 percent) and Asia (15 percent). Looking ahead, firms on balance reported that they planned to devote more resources to marketing in all parts of the world—particularly Asia. Finally, when asked if they expected to sell more or less of their products in these parts of the world, respondents were broadly optimistic about sales to all areas, but particularly to Asia. ■

Supplemental Report, *continued*

QUESTION 1

Please estimate the percentage change in your firm's sales and employment levels from 2009 to 2010—both the change for the first half of the year and the expected change for the full year:

	Median Percentage Change from Prior Year		
	July 2010	July 2009	July 2008
	Total sales		
First half	7.0	-15.0	5.0
Full year	8.0	-15.0	5.0
Number of employees			
First half	0.0	-10.0	0.0
Full year	0.0	-10.0	0.5

QUESTION 2

In the past several months, to what extent have you modified your production plans for the second half of the year?

	Percentage of Respondents		
	July 2010 Survey	July 2009 Survey	July 2008 Survey
Reduced substantially	1.6	31.3	8.7
Reduced somewhat	17.5	31.3	26.1
No change	47.6	16.7	38.0
Increased somewhat	30.2	19.8	21.7
Increased substantially	3.2	1.0	5.4

QUESTION 3

Approximately what percentage of your overall revenues comes from exports (in 2010, 2009, and 2008)?

	Percentage of Revenues
Median for 2010	6.0
Median for 2009	5.0
Median for 2008	5.0

QUESTION 4

What proportion of your international marketing resources is targeted toward the following areas?

	Average Proportion
Canada	35.6
Latin America	8.4
Europe	20.3
Asia	14.9
Rest of the world	12.9

QUESTION 5

Looking ahead to 2011, do you plan to devote more or fewer international marketing resources than you did in 2010 to each of these areas?

	Percentage of Respondents				
	Fewer Resources	←————→			More Resources
Canada	8.9	12.5	53.6	21.4	8.9
Latin America	14.8	3.7	51.9	27.8	14.8
Europe	13.2	3.8	49.1	34.0	13.2
Asia	13.2	5.7	41.5	32.1	13.2
Rest of the world	13.2	1.9	49.1	34.0	13.2

QUESTION 6

Do you expect to sell more or fewer products in each of these areas over the next twelve months, compared with the past twelve months?

	Percentage of Respondents			
	We Don't Sell in This Area	Fewer	Same	More
Canada	12.3	3.5	59.6	24.6
Latin America	25.0	1.8	44.6	28.6
Europe	30.4	1.8	41.1	26.8
Asia	32.7	0.0	32.7	34.5
Rest of the world	29.1	5.5	36.4	29.1