

## Supplemental Report:

# Manufacturers Foresee Modest Increases in Selling Prices

In a series of supplementary questions to the September 2010 *Empire State Manufacturing Survey*, manufacturers were asked how much their overall selling prices had changed over the past year and how much they expected their prices to rise or fall in the future. In addition, they were asked to assess the probability that prices would rise or fall by certain specified amounts. Identical questions had been asked in the September 2009, September 2008, and earlier surveys.

Respondents indicated that during the past twelve months, prices had remained virtually unchanged, on average—a contrast with the 2.1 percent decline in prices reported in the September 2009 survey (see table). Looking ahead to 2011, the average respondent predicted a 1.8 percent rise in selling prices, about the same increase that was projected

in last year's survey. Although the predicted rise in selling prices was modest, more than 45 percent of respondents planned to hike prices by at least 2 percent; just 8 percent expected to lower prices.

When asked a separate question about the probability of specified price changes over the next twelve months, respondents on average reported a 46 percent chance that prices would remain within 2 percent of their current levels. They saw a 44 percent chance that prices would rise by 2 percent or more but just an 8 percent chance that they would rise by at least 8 percent. The chances of a decline of 2 percent or more were pegged at 11 percent, on average. Overall, these results are similar to those in the September 2009 survey, but they suggest a considerably less inflationary environment than did the results of the 2008 and earlier surveys. ■

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## Supplemental Report, *continued*

### QUESTION 1

By how much have your selling prices changed, on average, over the *past year*?

	September 2010 Survey	September 2009 Survey	September 2008 Survey
Average percentage change	-0.1	-2.1	4.8
Median percentage change	0.0	0.0	4.0

### QUESTION 2

By how much do you expect your selling prices to change, on average, over the *next year*?

	September 2010 Survey	September 2009 Survey	September 2008 Survey
Average percentage change	1.8	1.9	3.6
Median percentage change	1.0	0.0	3.3

### QUESTION 3

What would you say is the percentage chance that, over the next year, your selling prices will:

	September 2010 Survey Percentage Chance*	September 2009 Survey Percentage Chance*	September 2008 Survey Percentage Chance*
Decrease 8 percent or more	1.5	2.5	0.9
Decrease 2 to 8 percent	9.1	9.2	6.2
Stay within 2 percent of where they are now	45.7	49.3	24.8
Increase 2 to 8 percent	35.6	29.1	50.3
Increase 8 to 15 percent	4.9	6.0	14.7
Increase 15 percent or more	3.1	3.8	3.0

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