

Supplemental Report:

Firms Anticipate Modest Increases in Selling Prices

In a series of supplementary questions to the September *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 surveys conducted in September 2010 and earlier.

Respondents reported that their selling prices had risen by 1.4 percent, on average, during the past twelve months (see table). In last September's parallel survey, the average respondent indicated that prices had remained virtually unchanged. Looking ahead to the next twelve months, the average respondent predicted a 1.0 percent rise in selling prices—a bit less than the 1.8 percent increase projected

in last year's survey. Slightly more than half of all respondents plan to hike prices by at least 2 percent, while 13 percent expect to lower prices; both of these proportions are somewhat higher than in last year's survey.

When asked a separate question about the probability of specified price changes over the next twelve months, the average respondent reported a 44 percent chance that prices would remain within 2 percent of current levels, and a 43 percent chance that they would rise by 2 percent or more, but just a 5 percent chance that they would rise by at least 8 percent. The chances of a decline of 2 percent or more were pegged at 13 percent, on average. These results are very similar to those in the September 2010 and September 2009 surveys, but the price rises expected are considerably smaller than those anticipated in the 2008 and earlier surveys. ■

Continued

Supplemental Report, *continued*

QUESTION 1

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

	September 2011	September 2010	September 2009	September 2008
Average percentage change	1.4	-0.1	-2.1	4.8
Median percentage change	2.0	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 2011	September 2010	September 2009	September 2008
Average percentage change	1.0	1.8	1.9	3.6
Median percentage change	2.0	1.0	0.0	3.3

QUESTION 3

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

	Percentage Chance of Specified Price Change*			
	September 2011	September 2010	September 2009	September 2008
Decrease 8 percent or more	4.0	1.5	2.5	0.9
Decrease 2 to 8 percent	9.0	9.1	9.2	6.2
Stay within 2 percent of where they are now	43.7	45.7	49.3	24.8
Increase 2 to 8 percent	38.0	35.6	29.1	50.3
Increase 8 to 15 percent	4.6	4.9	6.0	14.7
Increase 15 percent or more	0.7	3.1	3.8	3.0

*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values shown for question 3 reflect the average indicated percentage chance across all respondents.