

Empire State Manufacturing Survey

The April 2013 *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers improved slightly. The general business conditions index fell six points but, at 3.1, remained positive for a third consecutive month. Similarly, the new orders index was lower than last month but still positive, dipping six points to 2.2, and the shipments index fell to 0.8. The indexes for both prices paid and prices received inched higher—a sign that the pace of input and selling price increases had picked up over the month. Employment indexes climbed, showing a modest

increase in both employment levels and hours worked. Indexes for the six-month outlook pointed to a moderate degree of optimism about future conditions.

In a series of supplementary questions—previously posed in surveys conducted in April 2012 and earlier—respondents were asked how much difficulty they had experienced finding workers proficient in mathematical, computer, interpersonal, and other workplace skills. As in the earlier surveys, the most widespread difficulties related to the search for workers with advanced computer

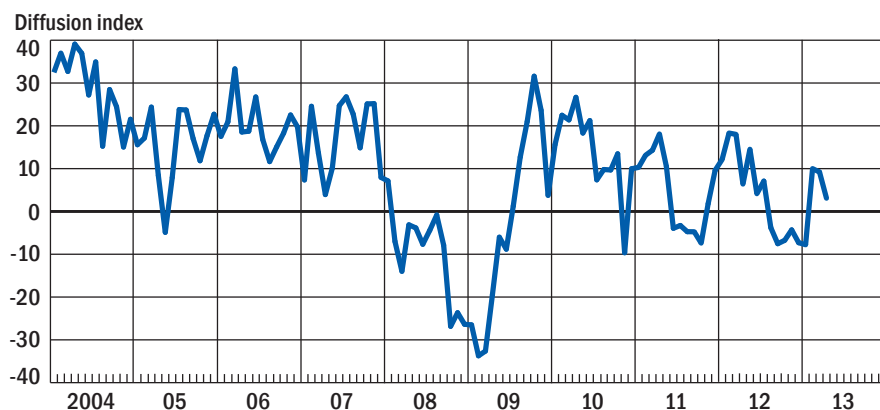
skills. In addition, a skill set that has reportedly grown harder to find is punctuality and reliability. Responses to other supplemental questions indicated that firms expected wages to rise by roughly 2½ percent, on average, over the next twelve months, and that, for nearly a third of firms, retaining skilled workers would become increasingly difficult in the year ahead.

Business Conditions Marginally Improve

The general business conditions index was positive for a third consecutive month, though at 3.1, it suggested that conditions had improved only slightly. Twenty-five percent of respondents reported that conditions had improved over the month, while 22 percent reported that conditions had worsened. The new orders index posted a similar decline, falling six points to 2.2—an indication that orders were just slightly higher. The shipments index, down seven points to 0.8, showed that shipments were little changed. The unfilled orders index inched down a point to -3.4, and the delivery time index also fell one point to -3.4. The inventories index held steady at -4.6, indicating that inventory levels fell slightly.

General Business Conditions

Seasonally adjusted



Continued from page 1

Price Increases Pick Up a Touch

The indexes for both prices paid and prices received rose a few points, suggesting that both input prices and selling prices increased at a somewhat faster pace this month. The prices paid index rose three points to 28.4, its highest level in several months. The prices received index rose four points to 5.7. Employment indexes pointed to some firming in labor market conditions. The index for number of employees rose four points to 6.8, indicating

a modest increase in employment levels, and the average workweek index rose six points to 5.7, indicating a modest increase in hours worked.

Future Conditions Expected to Improve

Indexes for the six-month outlook pointed to a moderate level of optimism about future business activity. The future general business conditions index fell four points to 32.0, while the future new orders and future shipments

indexes were little changed from last month's relatively strong levels. The future prices paid and future price received indexes fell, suggesting that future prices increases were expected to be somewhat slower in the months ahead. The indexes for expected number of employees and average workweek climbed, conveying an expectation that employment would expand. The capital expenditures index rose five points to 20.5, and the technology spending index fell six points to 12.5. ■

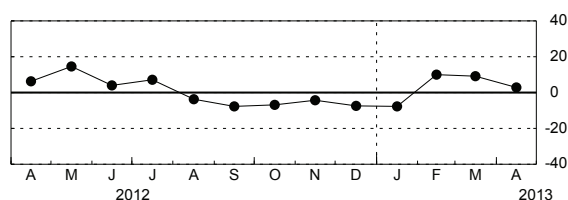
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	28.91	51.41	19.68	9.24
Apr	25.31	52.43	22.26	3.05

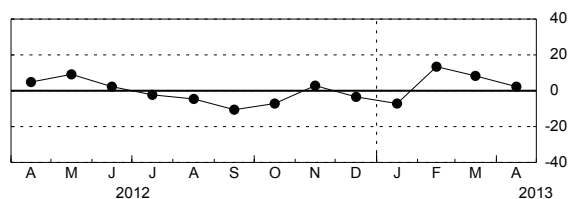
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	30.56	47.06	22.38	8.18
Apr	27.44	47.31	25.25	2.20

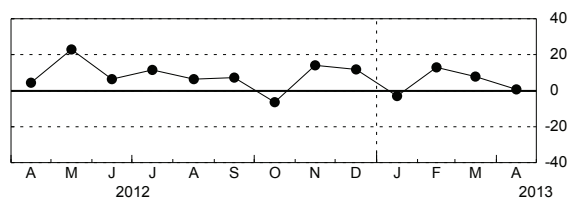
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	30.50	46.76	22.74	7.76
Apr	26.34	48.06	25.60	0.75

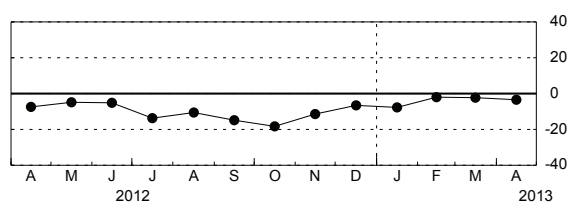
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	8.60	80.65	10.75	-2.15
Apr	13.64	69.32	17.05	-3.41

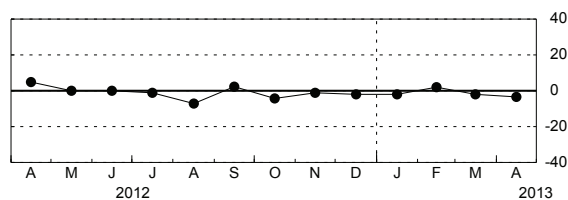
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	5.38	87.10	7.53	-2.15
Apr	7.95	80.68	11.36	-3.41

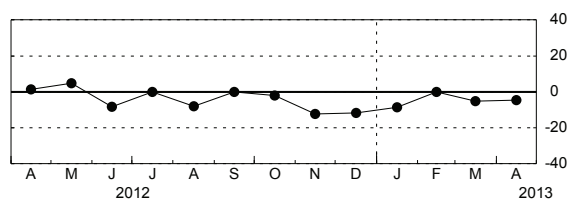
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	16.13	62.37	21.51	-5.38
Apr	20.45	54.55	25.00	-4.55

Inventories - Diffusion Index



Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	29.03	67.74	3.23	25.81
Apr	31.82	64.77	3.41	28.41

Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	9.68	82.80	7.53	2.15
Apr	11.36	82.95	5.68	5.68

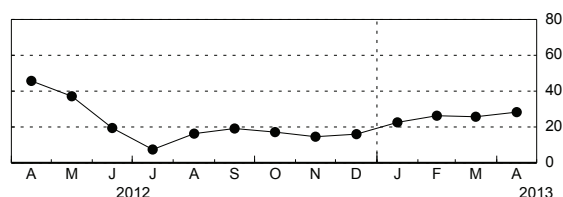
Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	16.13	70.97	12.90	3.23
Apr	19.32	68.18	12.50	6.82

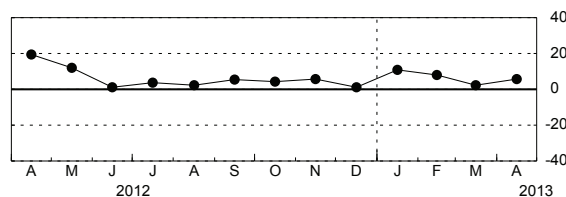
Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	8.60	82.80	8.60	0.00
Apr	13.64	78.41	7.95	5.68

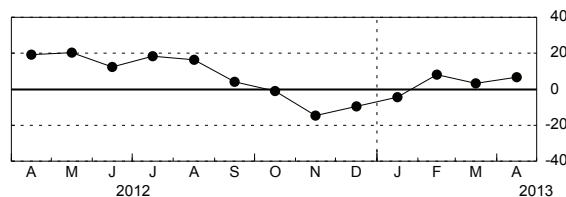
Prices Paid - Diffusion Index



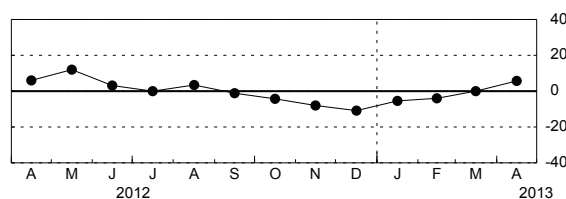
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

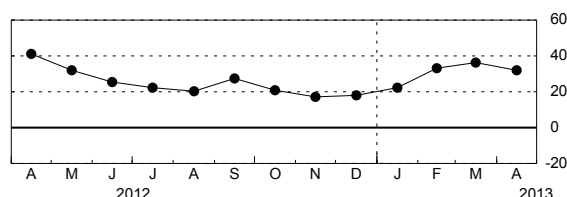
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	50.25	35.93	13.82	36.43
Apr	44.30	43.36	12.34	31.95

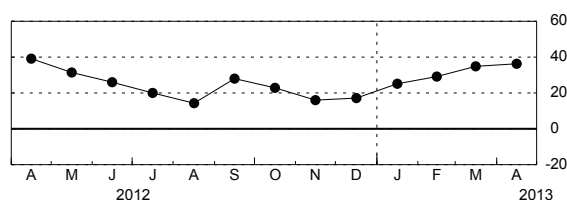
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	45.73	43.47	10.79	34.94
Apr	48.32	39.59	12.09	36.23

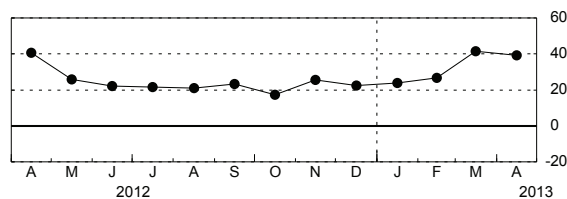
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	52.39	36.81	10.79	41.60
Apr	49.03	41.21	9.76	39.28

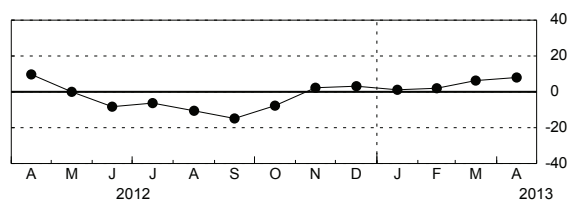
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	15.05	76.34	8.60	6.45
Apr	17.05	73.86	9.09	7.95

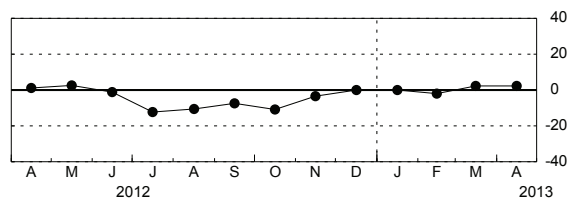
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	10.75	80.65	8.60	2.15
Apr	12.50	77.27	10.23	2.27

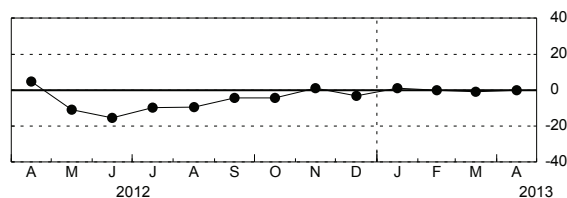
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	22.58	53.76	23.66	-1.08
Apr	21.59	56.82	21.59	0.00

Inventories - Diffusion Index



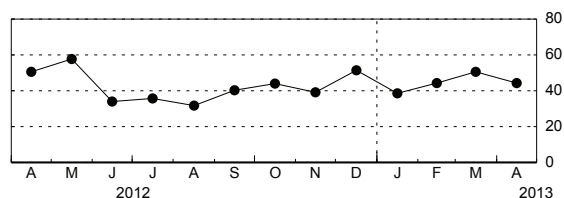
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	52.69	45.16	2.15	50.54
Apr	47.73	48.86	3.41	44.32

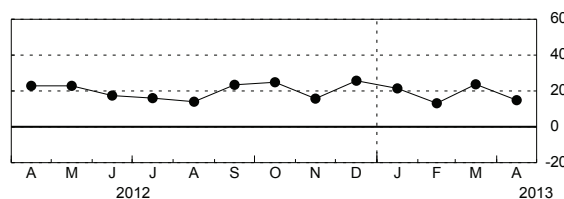
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	29.03	65.59	5.38	23.66
Apr	22.73	69.32	7.95	14.77

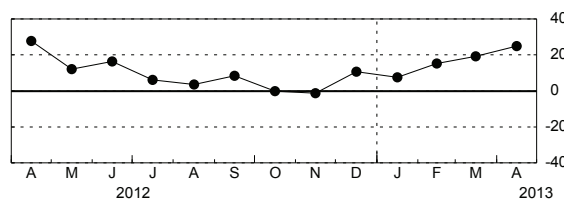
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	29.03	61.29	9.68	19.35
Apr	34.09	56.82	9.09	25.00

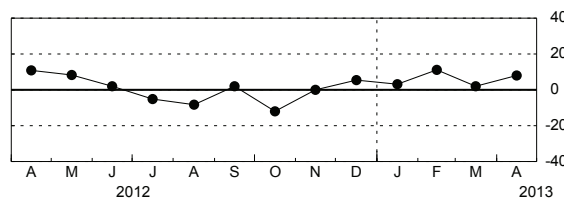
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	11.83	78.49	9.68	2.15
Apr	15.91	76.14	7.95	7.95

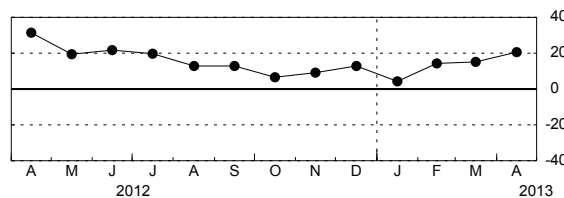
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	25.81	63.44	10.75	15.05
Apr	32.95	54.55	12.50	20.45

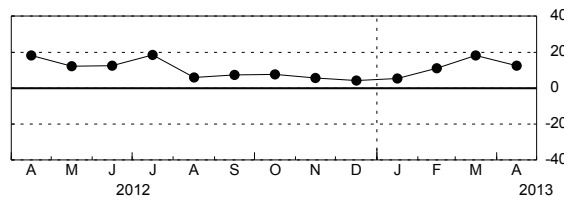
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	27.96	62.37	9.68	18.28
Apr	25.00	62.50	12.50	12.50

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.

Supplemental Report:

Manufacturers Still Face Difficulty Finding Workers with Select Skills

In a series of supplementary questions to the April 2013 *Empire State Manufacturing Survey*, respondents were asked how much difficulty, if any, they were experiencing in finding workers proficient in select skill categories. They were also asked about anticipated increases in wages and salaries over the next twelve months, and about recent and expected changes in the level of difficulty they faced in finding both skilled and unskilled workers. The table below reports results of the survey alongside results from parallel surveys conducted in April 2012 and earlier.

Responses in this month's survey were not substantially different from those recorded either last April or in August 2011. As in the earlier surveys, workers with advanced computer skills were seen as the hardest to find: on a scale of 0 to 100, this task received a difficulty rating of 62 in this month's survey—

almost identical to its rating in earlier surveys. (See the table for a detailed explanation of this measure.) Finding workers who are punctual and reliable received the second highest difficulty rating; this rating climbed slightly from 54 in the survey conducted a year ago to 57 in the current survey. In general, difficulty ratings for most of the skill categories were a bit lower than in the April 2012 survey but about the same as in the August 2011 survey—an interesting comparison given that New York State's labor market has tightened over the past year.

In a separate question, manufacturers were asked how much they expected a typical worker's wage or salary to increase (or decrease) over the next twelve months—including benefits and not including any promotion or change in hours worked. About 79 percent of respondents predicted at least some increase in

pay, while 20 percent expected no change in wages; only 1 percent anticipated a decline. The average expected pay increase was reported to be 2.4 percent, while the median was 2.5 percent—in both cases, almost exactly the same as in last April's survey.

Finally, respondents were asked whether it had become easier or more difficult to retain workers—both skilled and unskilled—in recent months, and how they expected their assessment to change over the next twelve months. While most firms reported no recent change, the percentage of respondents reporting that it had grown more difficult was considerably higher than the percentage reporting the reverse—especially for skilled workers. Moreover, looking ahead to the next twelve months, a sizable 33 percent of respondents expected that it would get more difficult to retain skilled workers, while just 2 percent expected it to get easier. ■

Supplemental Report, *continued*

QUESTION 1

To what extent have you recently had difficulty finding workers who are proficient in each of the following areas?

	Percentage of Respondents Reporting:					Difficulty Rating*		
	No Difficulty	←————→			Great Difficulty	April 2013	April 2012	August 2011
Basic math skills	13	12	33	35	7	53.2	55.4	49.4
Basic English skills	12	24	29	32	4	45.0	48.7	48.9
Basic computer skills	10	23	35	27	6	46.1	50.9	44.7
Advanced computer skills	10	10	29	29	24	61.9	63.0	61.3
Interpersonal skills	7	15	43	31	4	50.0	53.5	50.6
Punctuality / reliability	7	15	33	24	20	56.5	54.4	55.9

* This composite measure facilitates comparisons across the three surveys as well as the six skill categories. The measure gives the following weights to the columns shown: 0 percent, 25 percent, 50 percent, 75 percent, 100 percent. It can range from 0 (when all respondents indicate no difficulty) to 100 (when all respondents indicate great difficulty).

QUESTION 2

By about what percentage, on average, do you expect a typical worker's wage/salary—not including benefits—to change over the next twelve months?

	April 2013	April 2012	August 2011
<i>Expected percentage increase</i>			
Average	2.4	2.3	2.4
Median	2.5	2.6	2.8
<i>Percentage of respondents expecting</i>			
Decrease	1.1	0.0	0.0
No change	19.5	17.5	21.1
Increase	79.3	82.5	78.9
2 percent or less	21.8	26.3	18.9
More than 2 and up to 4 percent	55.2	55.0	52.2
More than 4 percent	2.3	1.3	7.8

QUESTION 3

In recent months, has it become easier or more difficult for your firm to retain its existing skilled, as well as unskilled, workers? How about over the next twelve months?

Percentage of Respondents Indicating...	In Recent Months		In the Next Twelve Months	
	Skilled Workers	Unskilled Workers	Skilled Workers	Unskilled Workers
Increasingly difficult to retain	23.5	16.9	32.9	18.8
No change	68.2	73.5	64.7	76.5
Increasingly easy to retain	8.2	9.6	2.4	4.7