

Supplemental Report:

Manufacturers Anticipate Increased Borrowing Needs, Tighter Credit

Supplementary questions in the October 2013 *Empire State Manufacturing Survey* focused on recent and expected changes in firms' borrowing needs and credit availability. Parallel questions had been asked in October 2012 and in earlier surveys.

As in earlier surveys, a majority of respondents in the current survey reported no change in borrowing needs—both over the past year and over the past three months. Over the past twelve months, roughly twice as many respondents reported rising rather than declining borrowing needs, by a margin of 26 percent to 13 percent—a slightly wider margin than in last October's survey. Similarly, when asked about changes over the past three months, 17 percent of respondents reported that borrowing needs had increased, while just 7 percent said

that they had declined. Looking ahead, 29 percent of manufacturers indicated that they expected borrowing needs to be higher a year from now, whereas just 10 percent anticipated falling borrowing needs—an even wider margin than in last October's survey.

Queried about changes in credit availability, again, the vast majority of respondents reported no change—both over the past three months and over the past twelve months. The shares of manufacturers reporting tightening versus easing credit were roughly in balance in the current survey. This contrasts somewhat with last year's survey, when more manufacturers indicated tightening rather than easing conditions. Looking ahead to expected changes in credit availability over the next year,

however, considerably more respondents anticipated tightening rather than easing conditions, 24 percent versus 9 percent. In last October's survey, those expecting some change were almost evenly split.

In contrast with last year's survey, firms in this month's survey reported increased borrowing costs, on net, over the past three months: 21 percent indicated increasing costs, while just 7 percent noted declining costs; a large majority (72 percent) reported no change. Earlier surveys indicated net declines in borrowing costs. More than 80 percent of respondents reported no change in limits (ceilings) on existing lines of credit over the past three months, with the balance of responses evenly split. ■

Supplemental Report

QUESTION 1

How do your current borrowing needs compare with those three months earlier? Twelve months earlier? How do you expect them to change over the next twelve months?

Component	October 2013 Survey			October 2012 Survey		
	Percentage of Firms Responding . . .			Percentage of Firms Responding . . .		
	Lower Now	Same	Higher Now	Lower Now	Same	Higher Now
Now compared with three months earlier	7.2	75.9	16.9	12.1	71.4	16.5
Now compared with twelve months earlier	13.4	61.0	25.6	15.6	58.9	25.6
Over the next twelve months	9.6	61.4	28.9	9.9	65.9	24.2

QUESTION 2

How has credit availability changed over the past three months? Past twelve months? How do you expect it to change over the next twelve months?

Component	October 2013 Survey			October 2012 Survey		
	Percentage of Firms Responding . . .			Percentage of Firms Responding . . .		
	Easier	Same	Tighter	Easier	Same	Tighter
Over the past three months	8.5	80.5	11.0	4.4	87.8	7.8
Over the past twelve months	13.8	75.0	11.3	7.8	77.8	14.4
Over the next twelve months	8.6	67.9	23.5	12.1	74.7	13.2

QUESTION 3

In your experience, how have banks' requirements to extend business loans and/or credit lines changed over the past three months?

	October 2013	October 2012	October 2011
	Percentage of Firms Responding . . .		
Much easier now	0.0	0.0	2.4
Somewhat easier now	10.0	6.7	4.9
Same	71.3	76.4	72.0
Somewhat tighter now	17.5	12.4	20.7
Much tighter now	1.3	4.5	0.0

QUESTION 4

Also in your experience, how has the cost of borrowing funds changed over the past three months?

	October 2013	October 2012	October 2011
	Percentage of Firms Responding . . .		
Much lower now	0.0	0.0	1.2
Lower now	7.4	16.7	19.3
Same	71.6	76.7	67.5
Higher now	19.8	5.6	12.0
Much higher now	1.2	1.1	0.0

QUESTION 5

Again in your experience, how have the limits (ceilings) on existing business lines of credit changed over the past three months? Credit limits have become:

	October 2013	October 2012	October 2011
	Percentage of Firms Responding . . .		
Much lower now	0.0	2.2	4.7
Lower now	9.9	3.3	9.4
Same	81.5	87.9	82.4
Higher now	7.4	6.6	3.5
Much higher now	1.2	0.0	0.0