

Empire State Manufacturing Survey

The May 2016 *Empire State Manufacturing Survey* indicates that business activity declined for New York manufacturers. The headline general business conditions index turned negative, falling nineteen points to -9.0. The new orders and shipments indexes also fell below zero, pointing to a decline in both orders and shipments. Survey results indicated that inventory levels were lower and delivery times shorter. The prices paid index edged down to 16.7—a sign that moderate input price increases were continuing—and the prices received index fell below zero, suggesting a small drop in selling prices. Employment levels appeared to be little changed, while the average workweek index pointed to a decline in hours worked. The six-month

outlook was somewhat less optimistic than in April, and the capital spending index plummeted to 3.1, its lowest reading in more than two years.

Business Conditions Worsen

Business activity contracted for New York manufacturing firms, according to the May 2016 survey. Following a brief foray into positive territory in March and April, the general business conditions index fell back below zero, declining nineteen points to -9.0. Nineteen percent of respondents reported that conditions had improved over the month, while 28 percent reported that conditions had worsened. The new orders index also turned negative, its seventeen-point drop to -5.5 signaling a decrease in orders. The shipments index, down

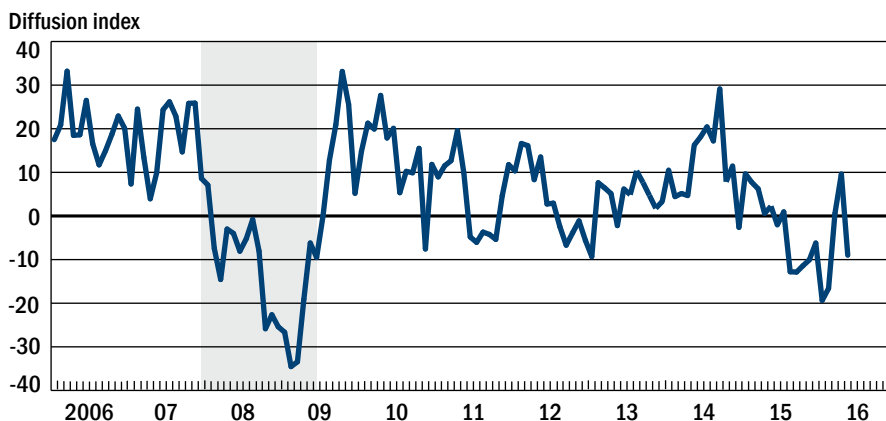
twelve points to -1.9, showed that shipments were flat, and the unfilled orders index fell to -6.3. The delivery time index, at -6.3, pointed to shorter delivery times, and the inventories index, at -7.3, suggested that inventory levels were lower.

Employment Levels Hold Steady, While the Workweek Declines

The prices paid index edged down three points to 16.7, an indication that input prices continued to increase at a moderate pace. The prices received index fell six points, to -3.1, as selling prices moved slightly lower. Employment levels remained fairly steady, with the index for number of employees showing little change at 2.1, while the average workweek index declined ten points to -8.3—evidence that the average workweek was shorter this month.

General Business Conditions

Seasonally Adjusted



Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Capital Spending Index Falls Sharply

Indexes for the six-month outlook generally suggested that firms were somewhat less optimistic about future conditions than they were in April. The index for future business conditions was little changed at 28.5, while the index for future new orders fell fourteen points to 22.4. Future employment indexes conveyed an expectation that employment levels and the average workweek would rise modestly over the next six months. The capital expenditures index fell nineteen points to 3.1, its lowest level in more than two years, and the technology spending index fell to 6.3. ■

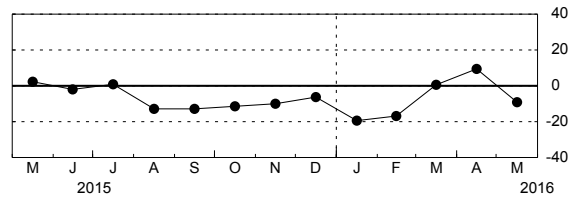
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	31.15	47.25	21.59	9.56
May	18.67	53.65	27.69	-9.02

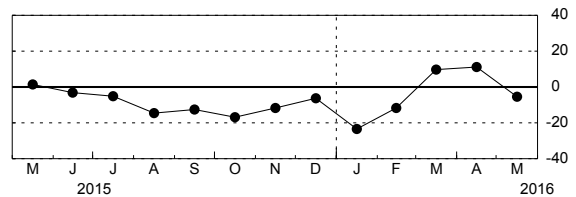
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	35.25	40.64	24.11	11.14
May	22.13	50.20	27.67	-5.54

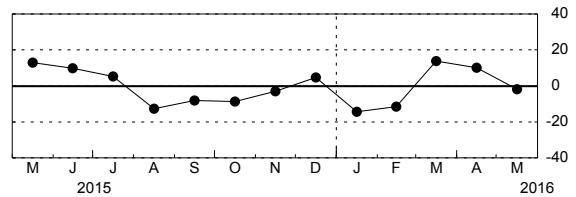
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	36.96	36.24	26.79	10.17
May	26.74	44.58	28.68	-1.94

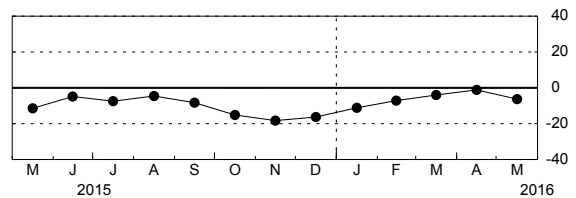
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	14.42	70.19	15.38	-0.96
May	14.58	64.58	20.83	-6.25

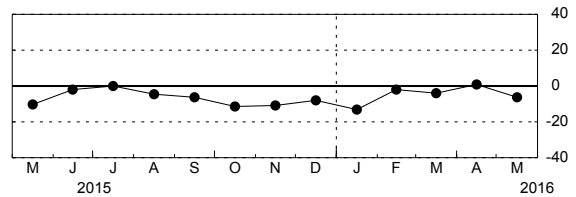
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	9.62	81.73	8.65	0.96
May	9.38	75.00	15.63	-6.25

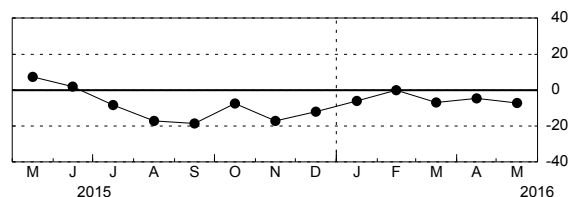
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	19.23	56.73	24.04	-4.81
May	14.58	63.54	21.88	-7.29

Inventories - Diffusion Index



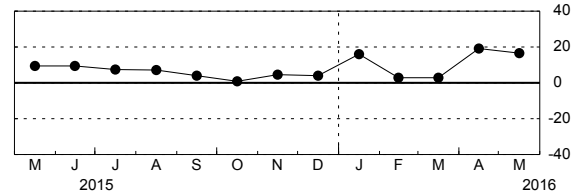
Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	24.04	71.15	4.81	19.23
May	21.88	72.92	5.21	16.67

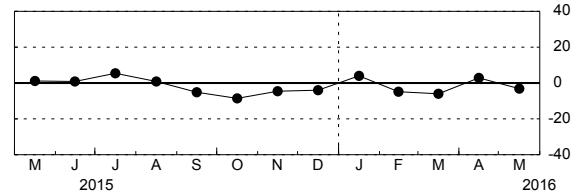
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	11.54	79.81	8.65	2.88
May	11.46	73.96	14.58	-3.13

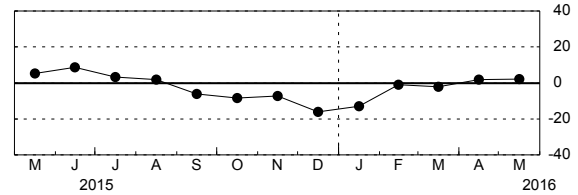
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	17.31	67.31	15.38	1.92
May	15.63	70.83	13.54	2.08

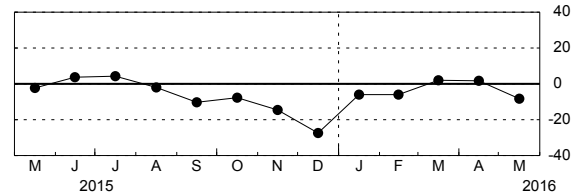
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	12.50	76.92	10.58	1.92
May	7.29	77.08	15.63	-8.33

Average Employee Workweek - Diffusion Index



Note: Data are seasonally adjusted.

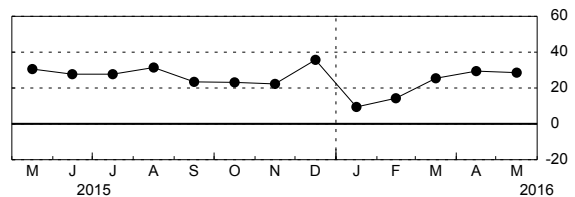
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	45.38	38.64	15.98	29.40
May	42.22	44.05	13.73	28.48

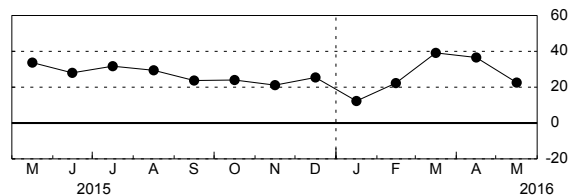
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	50.42	35.72	13.86	36.55
May	39.57	43.29	17.14	22.43

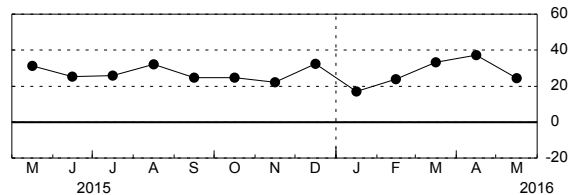
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	52.35	32.49	15.16	37.18
May	40.70	42.97	16.33	24.37

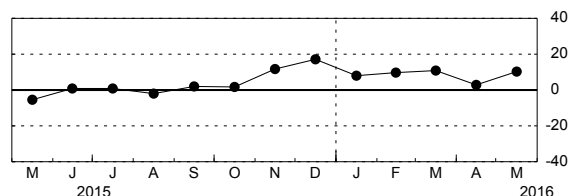
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	16.35	70.19	13.46	2.88
May	19.79	70.83	9.38	10.42

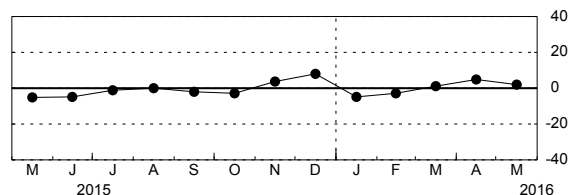
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	15.38	74.04	10.58	4.81
May	10.42	81.25	8.33	2.08

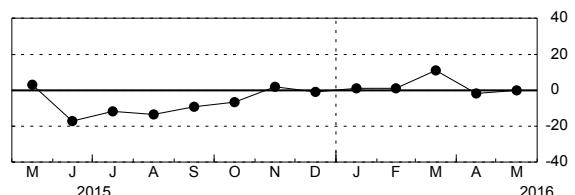
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	22.12	53.85	24.04	-1.92
May	21.88	56.25	21.88	0.00

Inventories - Diffusion Index



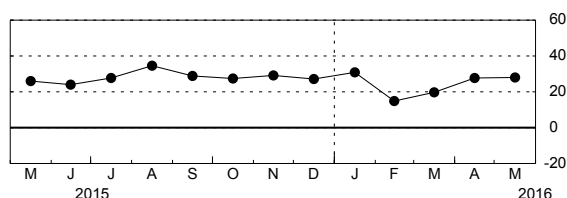
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	34.62	58.65	6.73	27.88
May	32.29	63.54	4.17	28.13

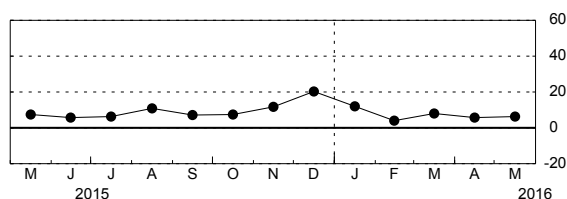
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	16.35	73.08	10.58	5.77
May	16.67	72.92	10.42	6.25

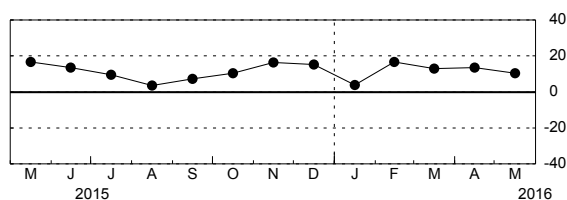
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	26.92	59.62	13.46	13.46
May	27.08	56.25	16.67	10.42

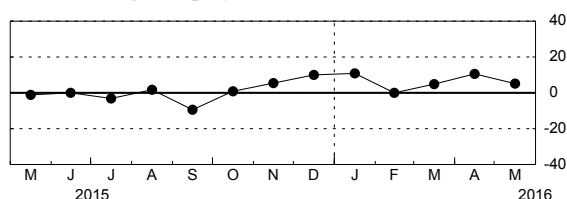
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	21.15	68.27	10.58	10.58
May	14.58	76.04	9.38	5.21

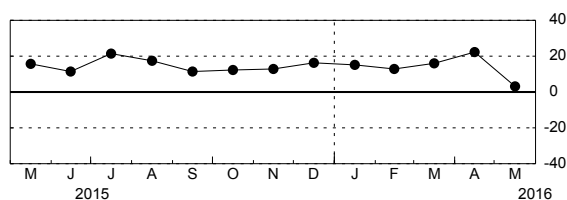
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	33.65	54.81	11.54	22.12
May	19.79	63.54	16.67	3.13

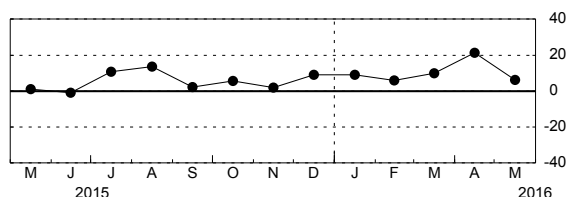
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	27.88	65.38	6.73	21.15
May	18.75	68.75	12.50	6.25

Technology Spending - Diffusion Index



Note: Data are seasonally adjusted.