

Supplemental Survey Report

Few Businesses See Favorable Effects from Exchange Rates

Supplementary questions to the August *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on the effects of foreign exchange rates on business, and on the topic of foreign trade more broadly. Some of the same questions had been asked in surveys conducted in October 2015 and earlier.

In the current survey, the average manufacturer indicated that roughly 10 percent of revenues over the past year had come from exports; among service firms, an average of 8 percent of revenues had come from foreign customers. Almost half of service firms and 73 percent of manufacturers reported that at least some revenues had been derived from abroad. All of these results closely matched those in the 2015 survey.

Businesses selling to foreign customers were asked where those customers were located. Among manufacturers, Canada was the dominant export destination, accounting for 41 percent of customers, on average. Among service firms, Europe represented the largest percentage of foreign customers—36 percent, on average—followed distantly by Canada and Asia (see the table for more details).

When asked if they were devoting more or fewer resources to marketing to specific regions of the world in 2017 than in 2016, a majority of both manufacturers and service firms reported no change for each of the four regions. Of those manufacturing firms whose level of resources did change, a higher percentage indicated that they were devoting more resources than said they were devoting fewer resources for

all the areas listed: Canada, Latin America, Europe, and Asia. Those service sector respondents who reported a change were devoting somewhat more resources, on net, to marketing to Europe and Asia but were pulling back slightly on Latin America.

Finally, businesses were asked whether changes in exchange rates so far this year have had a positive or negative effect on various business metrics and on profits overall. One in four manufacturers reported an unfavorable effect on profits, while just 9 percent indicated a favorable effect; among service sector respondents, the corresponding figures were 13 percent and 4 percent. Manufacturers reported the most widespread negative effect on foreign sales, while the most widespread negative effect reported by service firms was on prices paid for inputs. ■

Supplemental Survey Report, *continued*

QUESTION 1

Approximately what percentage of your overall revenues came from exports / foreign customers over the past twelve months?

	August 2017		October 2015	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents		Percentage of Respondents	
None	27	52	28	50
1 to 4 percent	18	11	23	15
5 to 9 percent	16	10	16	10
10 to 19 percent	16	13	18	12
20 or more percent	22	14	15	13
Average percentage of revenues from foreign customers	10.1	7.6	9.6	7.8

QUESTION 2

If some of your revenues do come from foreign customers, roughly what percentage of those customers are in:

	August 2017	
	Empire State Manufacturing Survey	Business Leaders Survey
	Average Percentage of Customers	
Canada	41.0	23.7
Latin America	12.8	8.0
Europe	14.5	35.9
Asia	16.5	20.1
Other	15.4	12.3

Supplemental Survey Report, *continued*

QUESTION 3

Are you devoting more or fewer resources to selling / marketing in each of these areas of the world in 2017 than you did in 2016?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents Saying		Percentage of Respondents Saying	
	More	Less	More	Less
Canada	15.0	5.6	8.7	9.7
Latin America	16.7	10.8	11.1	15.2
Europe	15.7	8.8	16.2	12.1
Asia	15.0	8.0	13.9	9.9

QUESTION 4

How favorable or unfavorable an effect has the change in dollar exchange rates since the beginning of this year had on each of the following?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents Citing		Percentage of Respondents Citing	
	Favorable Effect	Unfavorable Effect	Favorable Effect	Unfavorable Effect
Prices you pay	11.2	20.7	5.8	16.7
Prices you charge	6.0	17.2	1.7	9.9
Foreign sales	6.9	21.6	6.6	9.9
Domestic sales	5.3	10.5	3.3	2.5
Profits	8.9	25.0	4.3	12.9