

## Supplemental Report:

# Sales and Employment Up in 2011; Capital Spending Mixed

In a series of supplementary questions to the July 2011 *Empire State Manufacturing Survey*, manufacturers were asked how much their sales and employment levels had changed between the first half of 2010 and the first half of 2011 and how these measures were expected to evolve over the full year. Similar questions had been posed in earlier surveys. Manufacturers were also queried on their capital spending plans for 2011; these questions were previously asked in June 2010.

In this year's survey, the median respondent reported that sales were up 5 percent for the first half of 2011 relative to their level in the first half of 2010, and were expected to be up 6 percent for the full calendar year—somewhat smaller gains than reported in last July's survey. On the issue of staffing, however, respondents were more positive this year than last: in the current survey, the median respondent cited an increase of 2.8 percent in employment levels for calendar

year 2011; in last July's survey, the median firm reported no change in employment from 2009 to 2010.

Survey respondents were also asked if they had recently modified their production plans for the second half of 2011. Responses were fairly evenly split, with slightly more respondents indicating that they had scaled back than increased production plans—24 percent versus 22 percent. At this time last year, responses were more upbeat, with 33 percent of respondents bumping up production plans, and just 19 percent scaling back. In the July 2009 survey, which was conducted close to the trough of the recession, an extraordinary 63 percent of those surveyed said that they had cut back production plans.

In a separate series of questions about capital spending plans, 43 percent of respondents indicated that capital spending budgets for 2011 exceeded 2010 levels, while 27 percent reported budget cutbacks. These results were almost

as positive as those in last June's survey and contrasted dramatically with the 2009 survey results, which had shown a majority of respondents planning decreases. Responses, however, varied by category of capital: on balance, manufacturers planned to spend more than in 2011 on both computer and other equipment, but somewhat less on structures—a pattern similar to that observed in last June's survey. Spending on software appeared to be little changed from last year.

Not surprisingly, with substantially more respondents reporting increases than decreases in capital spending this year, the average dollar estimate of total capital expenditures for calendar year 2011 was up 10 percent from calendar year 2010. However, the median estimated level was actually 14 percent lower: \$300,000, down from \$350,000 in 2010. In last June's survey, respondents had reported a 40 percent rise in the median level of capital spending. ■

## Supplemental Report, *continued*

### QUESTION 1

Please estimate the percentage change in your firm's sales and employment levels from 2010 to 2011—both the change for the first half of the year and the expected change for the full year:

	Median Percentage Change from Prior Year		
	July 2011	July 2010	July 2009
	Total sales		
First half	5.0	7.0	-15.0
Full year	6.0	8.0	-15.0
Number of employees			
First half	3.0	0.0	-10.0
Full year	2.8	0.0	-10.0

### QUESTION 2

In the past several months, to what extent have you modified your production plans for the second half of the year?

	Percentage of Respondents		
	July 2011 Survey	July 2010 Survey	July 2009 Survey
Reduced substantially	1.1	1.6	31.3
Reduced somewhat	23.3	17.5	31.3
No change	53.3	47.6	16.7
Increased somewhat	16.7	30.2	19.8
Increased substantially	5.6	3.2	1.0

### QUESTION 3

To what extent do you expect your firm's annual spending on new plant and equipment to be higher or lower in 2011 than in 2010?

	Percentage of Respondents Expecting . . .				
	Much Lower Spending	Somewhat Lower Spending	About the Same Spending	Somewhat Higher Spending	Much Higher Spending
Total	9.5	17.9	29.8	32.1	10.7
Structures	12.0	14.5	54.2	13.3	6.0
Non-computer-related equipment	9.5	14.3	34.5	29.8	11.9
Computers and related hardware	4.8	16.7	46.4	32.1	0.0
Software	6.0	17.9	50.0	25.0	1.2

### QUESTION 4

Please provide your best estimate of your total capital expenditures for last year (calendar year 2010) and the expected amount for this year (2011).

	July 2011 Survey	June 2010 Survey	June 2009 Survey
Median capital spending in current year	\$300,000	\$425,000	\$275,000
Median capital spending in prior year	\$350,000	\$302,500	\$500,000
Percentage change	-14%	+40%	-45%