

August 2003

Empire State Manufacturing

Survey

Summary

The *Empire State Manufacturing Survey* indicates that conditions improved for New York manufacturers for a fourth consecutive month in August. The general business conditions index, though below last month's level of 20.8, remained positive at 10.0. The shipments index reached 22.6, its highest level in more than a year. The index for new orders remained positive and near last month's level, while the unfilled orders index was negative. Pricing pressures continued: the prices paid index, though not very high, was positive, and the prices received index was negative. Employment indexes indicated very little change in activity from last month. Expectations remained favorable, with the future indexes for inventories and the average workweek reaching particularly high levels.

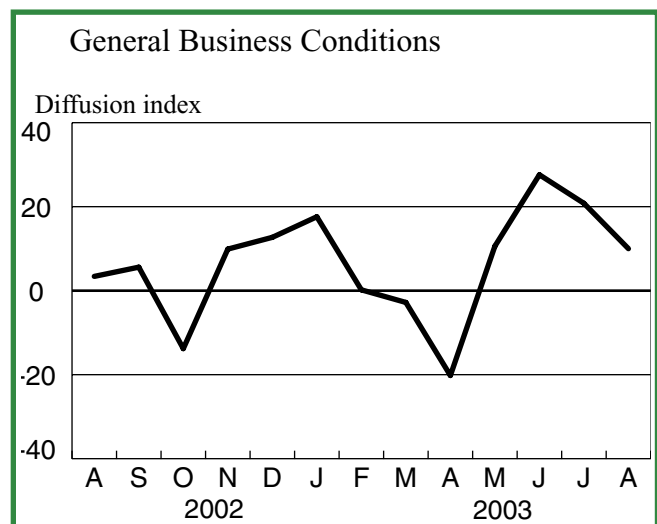
A Streak of Positive Readings

The general business conditions index was positive for a fourth straight month, signaling continued improvement, but fell from 20.8 to 10.0. Thirty-one percent of respondents—a number similar to last month's—reported better conditions this month, while 21 percent indicated that conditions grew worse, up from 13 percent in July. The new orders index was also positive for a fourth consecutive month and, at 12.5, remained near the previous months' values. The shipments index has been positive for four months as well, climbing slowly but steadily to a record-high level of 22.6 in August. The unfilled orders index remained negative at -7.7, while the delivery time index was also negative at -6.1. The inventories index was negative at -5.1.

Pricing indexes continued their patterns of the past year, with the prices paid index reading positive and prices received index negative. Nevertheless, the prices paid index has been close to zero since June, and this month dropped to 4.1, with 12 percent reporting rising prices and 8 percent reporting falling prices. The prices received index was -10.2, with 5 percent indicating that prices received had risen and 15 percent reporting a decline.

Little Change in Employment

Employment indexes indicated very little change in employment activity. The number of employees index hovered around zero, with roughly 20 percent reporting higher levels of employment and the same percentage reporting lower levels. The average workweek index was slightly negative at -2.5, with the percentage reporting a longer workweek rising to 12 percent from 7 percent last month.



Expectations Remain Favorable

Future indexes indicated a high degree of optimism among respondents. The future general business conditions, new orders, and shipments indexes were all near or above 60. The future shipments index reached 63.7, its highest level in more than a year. Also noteworthy was the rise in the future inventories index to a record level of 10.2, with 32 percent of respondents expecting higher inventory levels in six months. Pricing pressures were expected to continue, with the future prices paid index reading positive and the future prices received index negative. Future employment indexes were positive, with a sharp increase in the future workweek index to 29.5, the highest level in more than a year. The capital expenditures index fell slightly, but remained positive at 16.3.

Note:

Diffusion indexes are calculated for each indicator by subtracting the percent of respondents reporting the indicator lower from the previous month from those reporting the indicator higher. Thus positive values signify that more respondents report the indicator higher from the previous month than lower. Data are seasonally adjusted to control for seasonal variations.

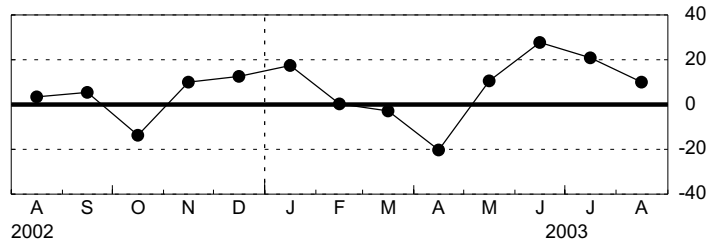
Empire State Manufacturing Survey, August 2003

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	33.91	53.01	13.08	20.83
Aug	31.10	47.79	21.12	9.98

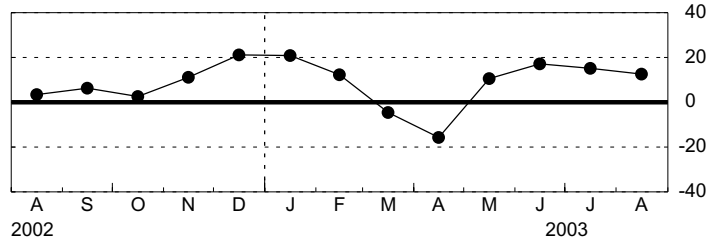
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	31.49	52.08	16.42	15.07
Aug	32.64	47.23	20.12	12.52

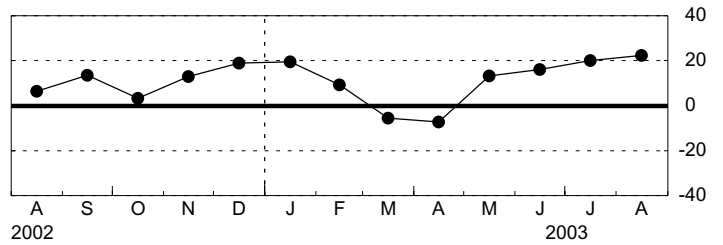
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	33.13	53.90	12.97	20.17
Aug	34.28	53.98	11.73	22.55

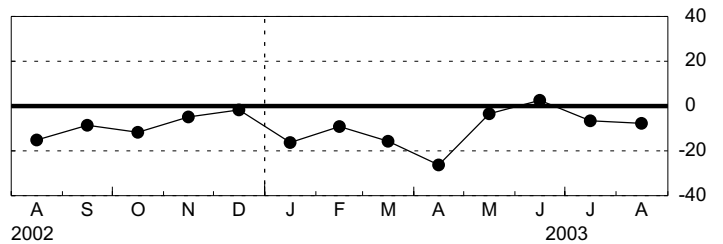
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	11.32	70.82	17.86	-6.54
Aug	14.21	63.85	21.94	-7.73

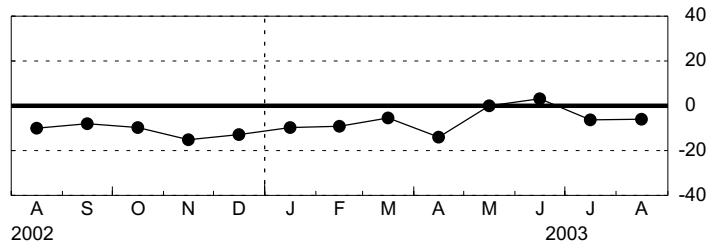
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	7.37	78.95	13.68	-6.32
Aug	4.08	85.71	10.20	-6.12

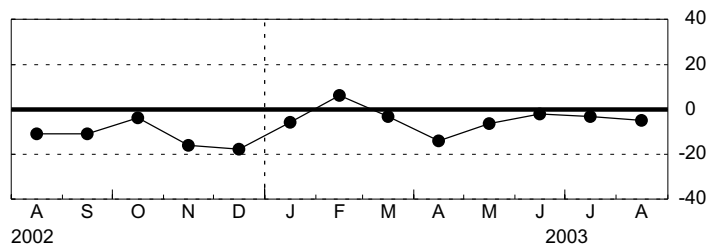
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	18.95	58.95	22.11	-3.16
Aug	21.43	52.04	26.53	-5.10

Inventories - Diffusion Index



Empire State Manufacturing Survey, August 2003

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	9.47	87.37	3.16	6.32
Aug	12.24	79.59	8.16	4.08

Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	1.05	84.21	14.74	-13.68
Aug	5.10	79.59	15.31	-10.20

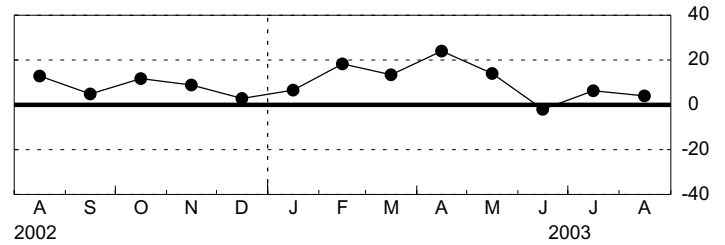
No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	10.53	69.47	20.00	-9.47
Aug	20.41	59.18	20.41	0.00

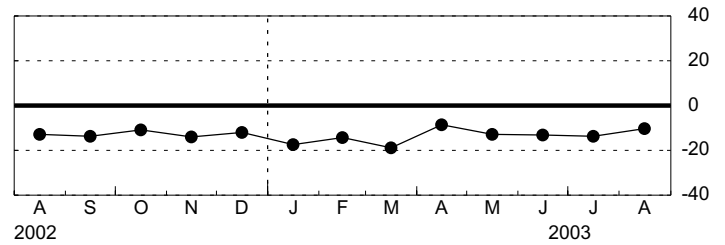
Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	7.44	78.84	13.72	-6.28
Aug	12.03	73.46	14.51	-2.48

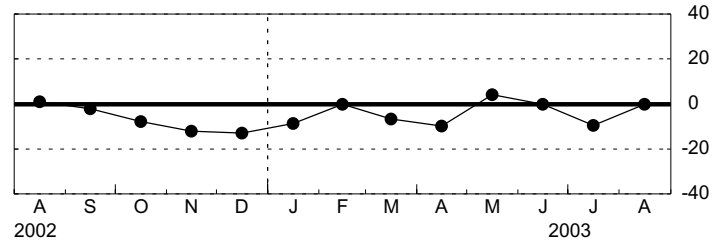
Prices Paid - Diffusion Index



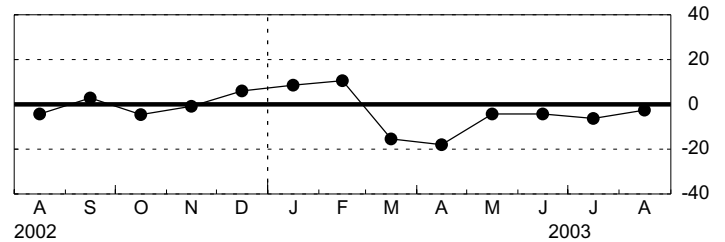
Prices Received - Diffusion Index



No. of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index

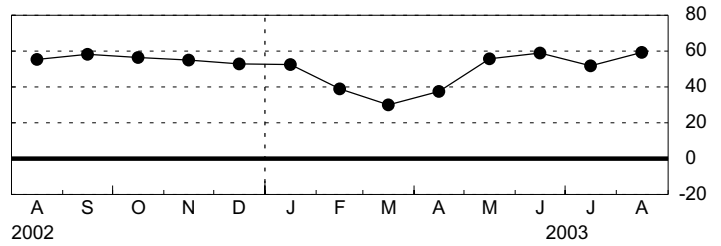


Empire State Manufacturing Survey, August 2003, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	59.63	32.49	7.88	51.75
Aug	66.47	26.54	6.99	59.47

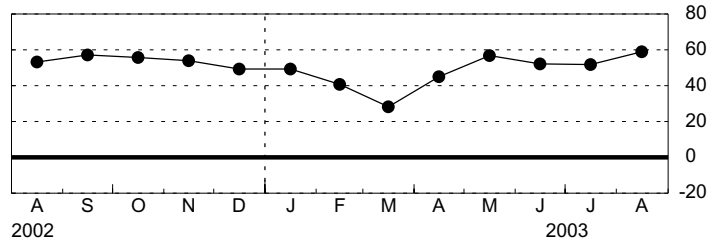
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	60.12	31.47	8.41	51.71
Aug	64.41	30.16	5.43	58.98

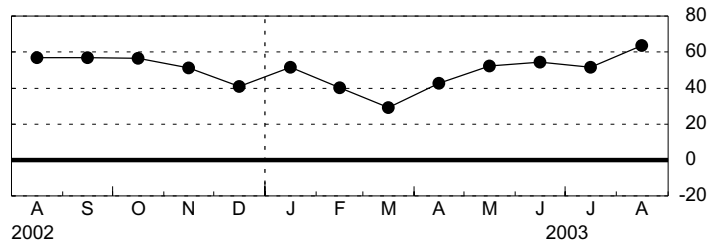
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	59.16	33.43	7.42	51.74
Aug	68.93	25.82	5.25	63.68

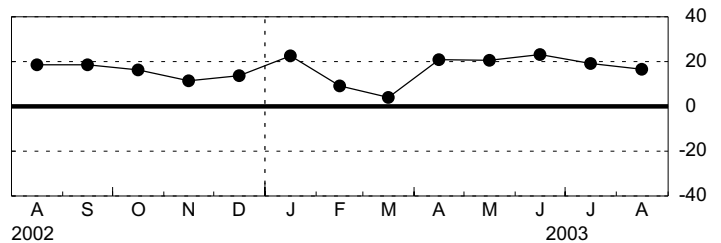
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	32.50	54.17	13.33	19.17
Aug	28.78	59.13	12.09	16.68

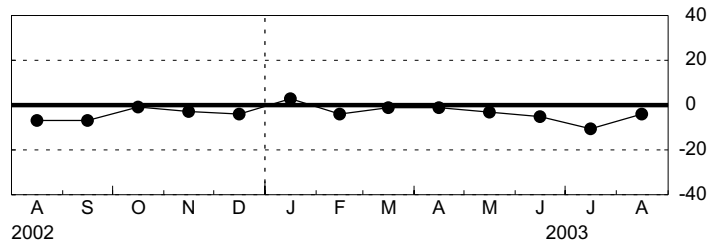
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	7.37	74.74	17.89	-10.53
Aug	8.16	79.59	12.24	-4.08

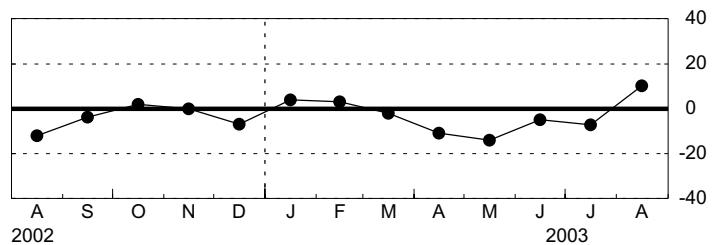
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	22.11	48.42	29.47	-7.37
Aug	31.63	46.94	21.43	10.20

Inventories - Diffusion Index

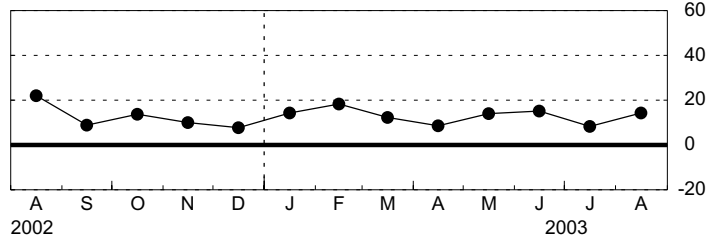


Empire State Manufacturing Survey, August 2003, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	16.84	74.74	8.42	8.42
Aug	22.45	69.39	8.16	14.29

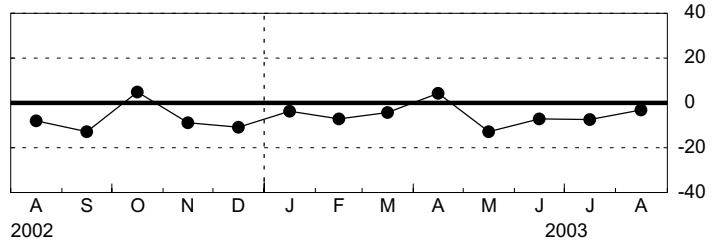
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	8.42	75.79	15.79	-7.37
Aug	11.22	74.49	14.29	-3.06

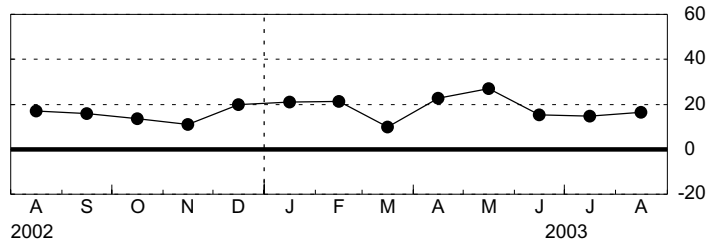
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	30.53	53.68	15.79	14.74
Aug	32.65	51.02	16.33	16.33

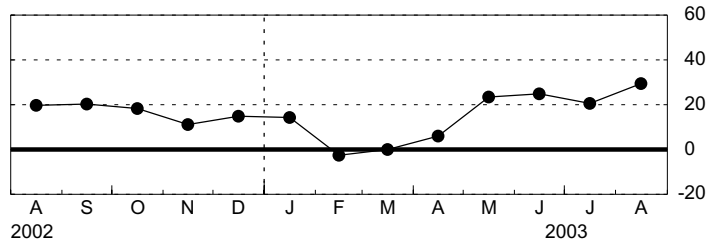
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	27.50	65.55	6.95	20.55
Aug	37.40	54.70	7.89	29.51

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	30.53	60.00	9.47	21.05
Aug	29.59	57.14	13.27	16.33

Capital Expenditures - Diffusion Index

