

Empire State Manufacturing Survey: Supplemental Report

February 2008

For release February 15, 2008, 8:30 a.m.

Firms See Increased Delays in Customer Payments

Supplementary questions in the February 2008 *Empire State Manufacturing Survey* elicited manufacturers' views on three subjects: the effects of exchange rate changes on business performance measures, the timeliness of customer payments and payments to suppliers, and firm borrowing needs and the availability of credit.

Asked about exchange rate effects, 37 percent of firms indicated that the decline in the dollar's value had adversely affected their business overall, while just 18 percent reported a positive effect. These responses suggested a somewhat more negative assessment than that provided by firms' responses to the same question in the February 2007 survey. The most notable adverse effect was on the prices of materials and other inputs: 60 percent of manufacturers indicated an unfavorable effect, while just 3 percent noted a favorable effect. The net effect on domestic sales was also reported to be moderately negative, whereas the net effect on sales to foreign customers was widely characterized as positive—much more so than in last year's survey.

In response to questions on the timeliness of payments, 43 percent of firms reported that customers have been slower to pay their bills over the past three months, while just 4 percent reported faster payments. Twenty-two percent of the manufacturers surveyed reported that they have been slower to pay their suppliers, and the same proportion expected to become slower in paying suppliers over the next three months.

Finally, in response to questions on borrowing needs, nearly one in three firms reported that such needs have increased over the past three months, while fewer than 10 percent said that such needs have diminished. At the same time, 18 percent of respondents indicated that credit was less available in the past month than it had been three months earlier, while less than 8 percent said that availability had increased.

1) How favorable or unfavorable an effect has the change in dollar exchange rates over the past year had on each of the following components of your business?

Component	Percentage of Respondents		
	Unfavorable	No Effect	Favorable
	February 2008 (Current) Survey		
Prices you pay for materials/inputs	59.6	37.2	3.2
Prices you are able to charge	20.4	58.1	21.5
Your sales to foreign customers	5.3	52.1	42.6
Your domestic sales	20.2	67.0	12.8
Overall net effect on your business	37.2	44.7	18.1
	February 2007 Survey		
Prices you pay for materials/inputs	44.9	48.3	6.7
Prices you are able to charge	19.1	66.3	14.6
Your sales to foreign customers	7.0	66.3	26.7
Your domestic sales	15.9	81.8	2.3
Overall net effect on your business	31.8	47.7	20.5

(Continued)

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2) [Questions on timeliness of payments]

	Percentage of Respondents		
	Slower	Same	Faster
Have your customers gotten slower/faster in paying you compared with three months ago?	43.2	52.6	4.2
Has your firm gotten slower/faster in paying your suppliers compared with three months ago?	22.1	71.6	6.3
Will your firm become slower/faster in paying your suppliers over the next three months?	22.1	74.7	3.2

3) How has your need to borrow or to access credit lines changed over the past three months?

Have your borrowing needs . . .

	Percentage of Respondents
Increased substantially	8.6
Increased somewhat	22.6
Remained about the same	60.2
Decreased somewhat	6.5
Decreased substantially	2.2

4) What is your experience with credit availability in the past month compared with three months earlier?

Would you say that credit is now . . .

	Percentage of Respondents
Much less available	5.4
Somewhat less available	12.9
About the same	74.2
Somewhat more available	3.2
Much more available	4.3