

May 2003

Empire State Manufacturing Survey



Summary

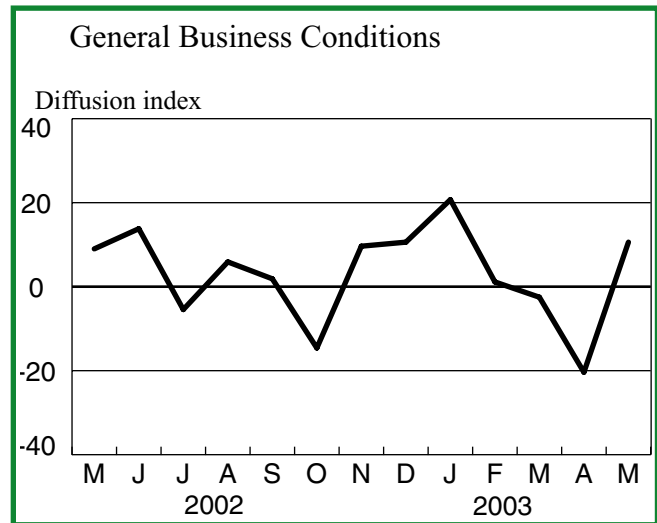
The *Empire State Manufacturing Survey* indicates that conditions for New York's manufacturers improved substantially in May. The general business conditions index rose over 30 points, from -20.2 to 10.6. Other indexes also showed marked gains, with the exception of the prices received index, which remained negative. Although the prices paid index retreated slightly, it remained positive. The new orders and shipments indexes returned to positive levels from the significantly negative values of last month. For the first time in several months, the number of employees index was positive. Expectations for conditions six months ahead rose for a second consecutive month, and many of the future indexes returned to levels that had not been seen since January.

Significant Improvement across the Board

The general business conditions, new orders, and shipments indexes all climbed to roughly the same level in May. The general business conditions index rose to its highest level since January, reaching 10.6 from last month's subdued level of -20.2. Twenty-nine percent of respondents said that conditions had improved since April, while 18 percent reported deterioration. The new orders index rose dramatically, from -15.8 to 10.5. The shipments index rose from -7.2 to 13.2. Although the unfilled orders index remained negative, it jumped more than 20 points to reach -3.4. The delivery time index reached zero, and the inventories index rose to -6.5.

Pricing pressures remained apparent: the prices paid index was well above zero and the prices received index well below zero. The vast majority of respondents reported no change in prices—very few indicated that they paid lower prices or received higher prices. The prices paid index fell to 14.0 from 23.9 in April, with 16 percent of respondents reporting a rise. Deterioration was seen in the prices received index, which dropped from -8.7 to -12.9, with 18 percent of respondents indicating a decline.

Employment indexes were mixed, but showed considerable improvement. For the first time in several months, the number of employees index reached positive territory, rising from -9.8 to 4.3. Nineteen percent reported an increase in employment, while 15 percent reported a decline. The average workweek index remained negative at -4.3 but rose from last month's reading of -17.8.



Expectations Improve

Although expectations indexes for general business conditions, new orders, and shipments six months ahead had remained extremely positive through January 2003, they deteriorated notably in February and March. These indexes have now returned to their January levels of above 50. Relatively few respondents expected a decline in any of these areas. The future inventories index has been drifting down for the past few months, and stood this month at -14.0, the lowest level in a year.

The future prices paid index rose several points to 14.0, while the future prices received index fell to -12.9. Forward-looking employment indexes remained positive: the future number of employees index stood at 26.9, and the future workweek index rose to 23.5 from 6.1. The capital expenditures index increased more than 10 points, to 21.5.

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.

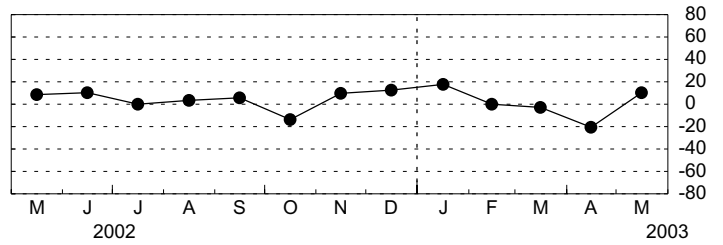
Empire State Manufacturing Survey, May 2003

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	14.02	51.77	34.22	-20.20
May	28.63	53.34	18.03	10.60

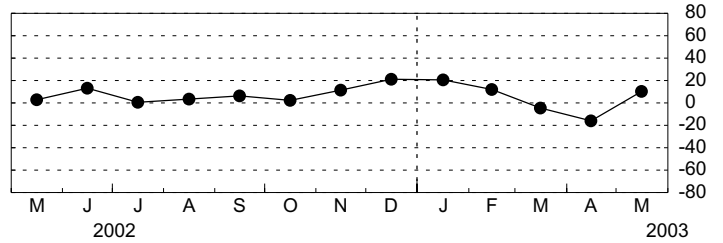
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	14.24	55.71	30.05	-15.81
May	29.39	51.69	18.92	10.48

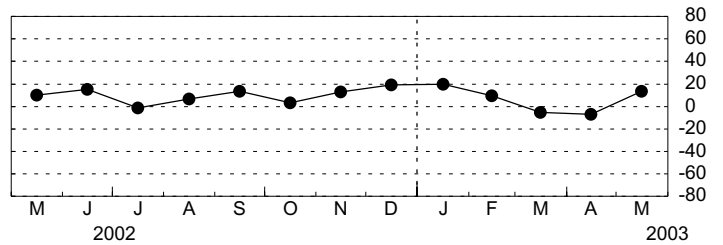
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	20.25	52.28	27.47	-7.22
May	30.22	52.75	17.02	13.20

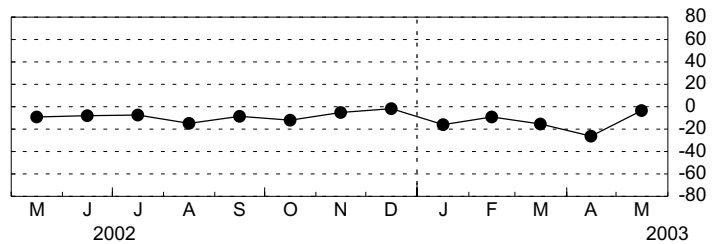
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	6.01	61.90	32.09	-26.08
May	13.56	69.50	16.94	-3.38

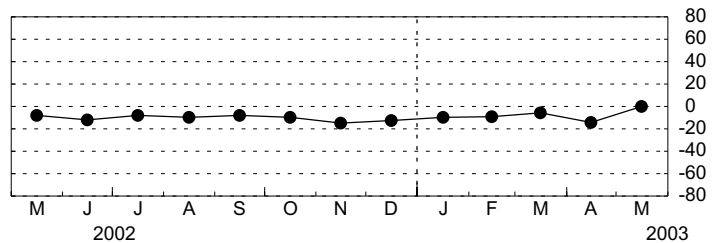
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	3.26	79.35	17.39	-14.13
May	7.53	84.95	7.53	0.00

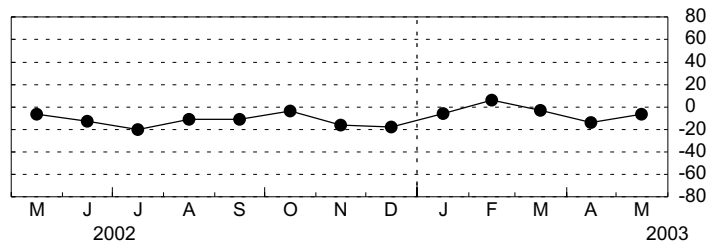
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	15.22	55.43	29.35	-14.13
May	17.20	59.14	23.66	-6.45

Inventories - Diffusion Index

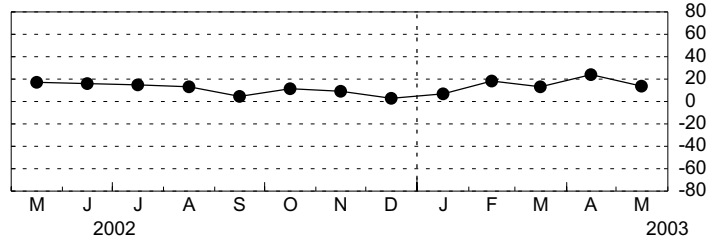


Empire State Manufacturing Survey, May 2003 Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	26.09	71.74	2.17	23.91
May	16.13	81.72	2.15	13.98

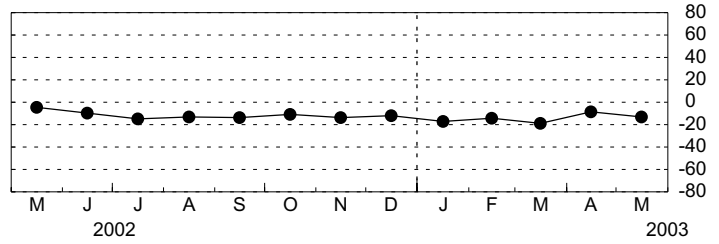
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	7.61	76.09	16.30	-8.70
May	5.38	76.34	18.28	-12.90

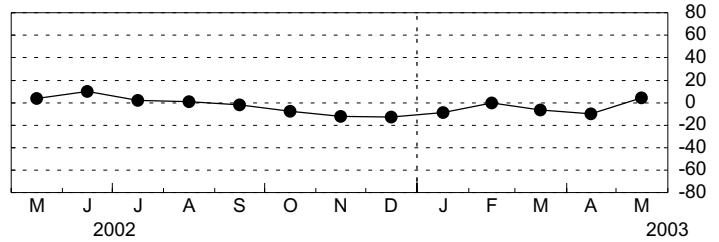
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	13.04	64.13	22.83	-9.78
May	19.35	65.59	15.05	4.30

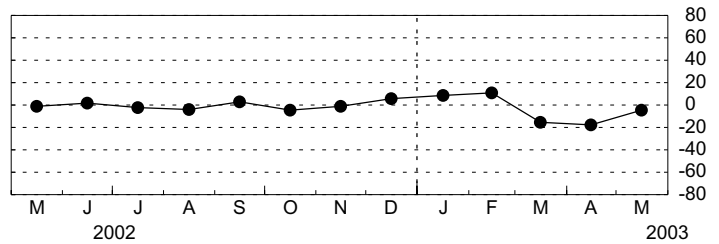
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	4.51	73.18	22.31	-17.79
May	11.02	73.66	15.32	-4.30

Average Employee Workweek - Diffusion Index

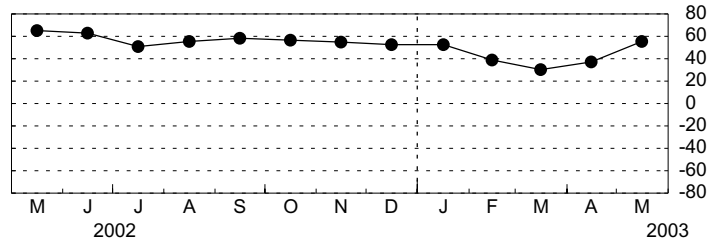


Empire State Manufacturing Survey, May 2003, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	52.01	33.39	14.59	37.42
May	63.47	28.67	7.86	55.61

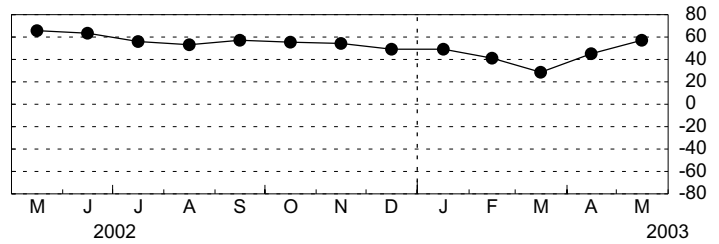
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	55.34	34.17	10.49	44.86
May	60.62	35.53	3.85	56.76

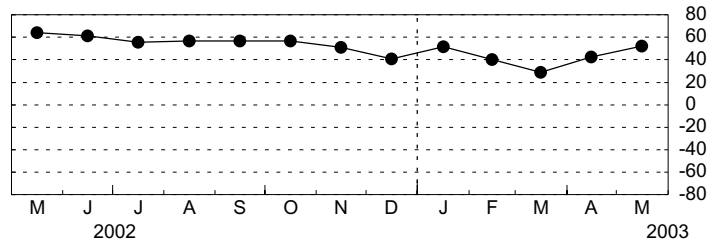
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	56.33	30.00	13.67	42.66
May	58.90	34.38	6.72	52.18

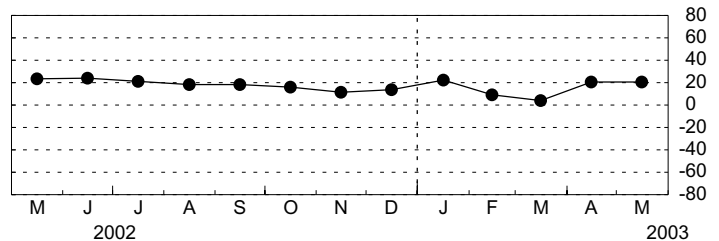
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	26.85	67.21	5.95	20.90
May	28.83	63.07	8.10	20.72

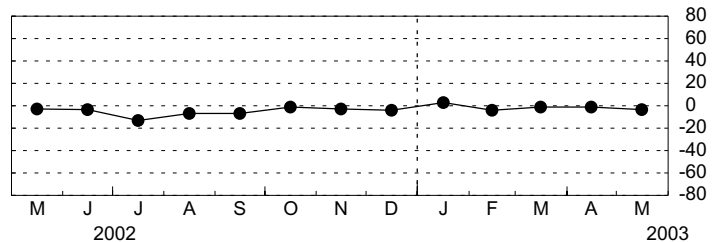
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	10.87	77.17	11.96	-1.09
May	9.68	77.42	12.90	-3.23

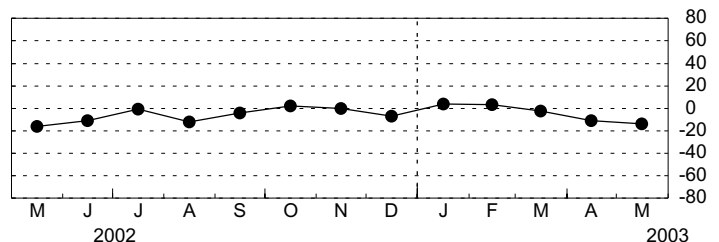
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	19.57	50.00	30.43	-10.87
May	20.43	45.16	34.41	-13.98

Inventories - Diffusion Index

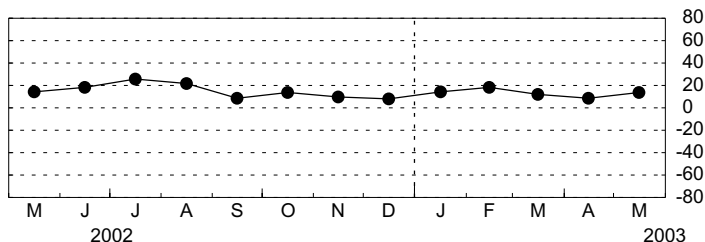


Empire State Manufacturing Survey, May 2003, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	20.65	67.39	11.96	8.70
May	18.28	77.42	4.30	13.98

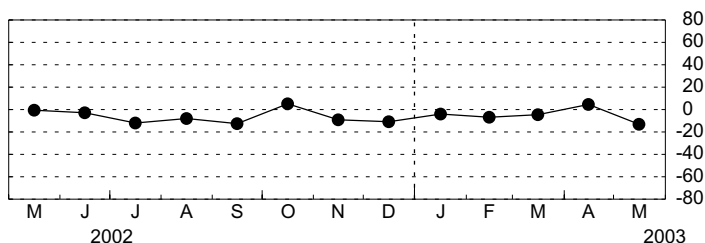
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	15.22	73.91	10.87	4.35
May	5.38	76.34	18.28	-12.90

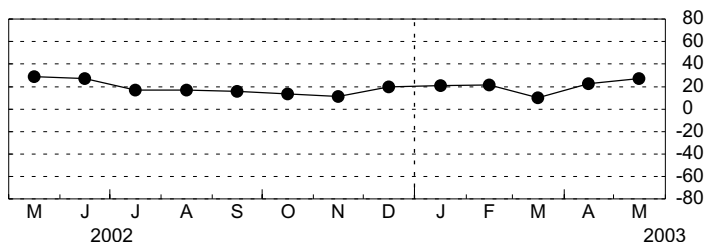
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	33.70	55.43	10.87	22.83
May	36.56	53.76	9.68	26.88

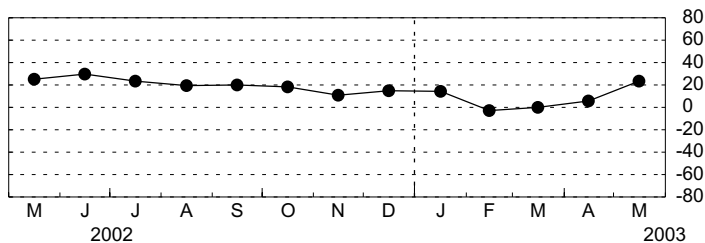
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	19.57	66.98	13.45	6.12
May	29.70	64.07	6.24	23.46

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	22.83	64.13	13.04	9.78
May	30.11	61.29	8.60	21.51

Capital Expenditures - Diffusion Index

