

# Empire State Manufacturing Survey

The May 2014 *Empire State Manufacturing Survey* indicates that business conditions improved significantly for New York manufacturers. The headline general business conditions index jumped eighteen points to 19.0, its highest level in nearly four years. The new orders and shipments indexes also posted sharp gains, rising to 10.4 and 17.4, respectively. The unfilled orders index rose to a level close to zero. Price indexes were slightly lower, suggesting a small degree of slowing in price increases, with the prices paid index falling three points to 19.8 and the prices received index falling four points to 6.6. Employment expanded significantly; although the average workweek index held steady at 2.2, the index for number of employees rose thirteen points to 20.9. Indexes for the six-month outlook were highly optimistic, with the future general business conditions index rising to 44.0, its highest level in more than two years.

## Business Conditions Improve Markedly

Business conditions improved significantly for New York manufacturers, according to the May 2014 survey. On the heels of a rather weak reading of just 1.3 in April, the general business conditions index shot up eighteen points to 19.0, its highest level since mid-2010. About 37 percent of respondents reported that conditions had improved over the month, while just 18 percent reported that conditions had worsened. The new orders index also posted an impressive gain, rising thirteen points from a negative reading last month to 10.4 in May. The shipments index climbed fourteen points to 17.4, also a multiyear high. The unfilled orders index rose twelve points to -1.1, suggesting that regional manufacturers faced little slack. The delivery time index advanced to -1.1—a sign that delivery times had changed little—and the inventories index rose five points

to 2.2, indicating a slight increase in inventory levels.

## Price Increases Ease, Employment Makes Big Gains

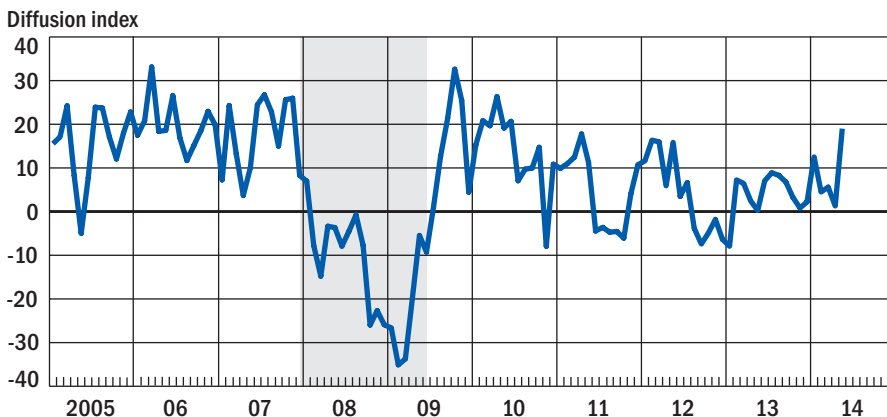
Both price indexes inched lower, suggesting that price increases were somewhat slower over the month. The prices paid index fell three points to 19.8, and the prices received index fell four points to 6.6. The index for number of employees surged thirteen points to 20.9, suggesting that employment levels increased significantly. The average workweek index, however, was little changed at 2.2, pointing to a small increase in hours worked.

## Six-Month Outlook Very Positive

Indexes for the six-month outlook conveyed a high degree of optimism about future business conditions. The index for future general business conditions rose six points to 44.0, its highest level in more than two years, with 53 percent of respondents expecting conditions to improve over the next six months. The future new orders climbed to 36.7, while the index for expected shipments fell five points to 33.8. Indexes for expected prices were little changed, with the future prices paid index inching down just slightly to 31.9 and the index for future prices received holding steady at 14.3. The index for expected number of employees dipped five points to 17.6, and the future average workweek index dropped to -3.3. The capital expenditures index fell four points but, at 19.8, suggested that capital spending was still expected to increase moderately, while the technology spending index retreated ten points to 4.4, pointing to a slowing in expected spending on technology. ■

## General Business Conditions

Seasonally adjusted



Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

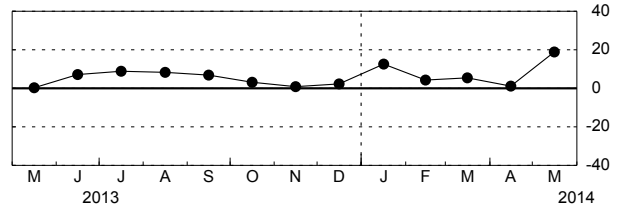
# Current Indicators

Change from Preceding Month

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	25.67	49.95	24.38	1.29
May	36.80	45.40	17.80	19.01

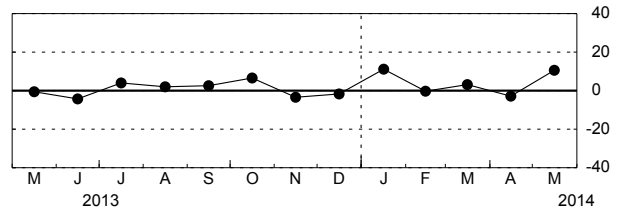
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	23.08	51.07	25.85	-2.77
May	31.94	46.57	21.50	10.44

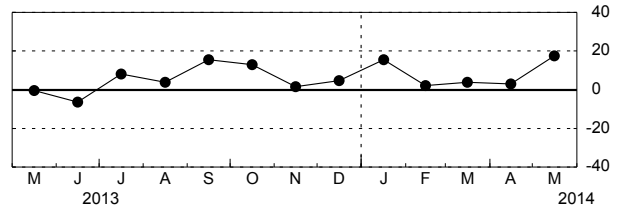
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	27.32	48.51	24.17	3.15
May	34.18	49.08	16.74	17.44

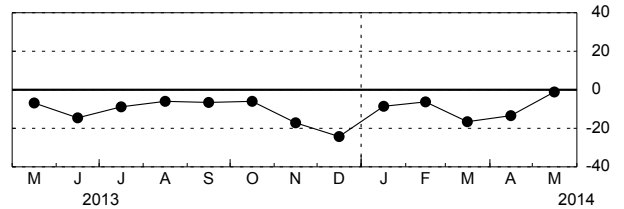
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	12.24	62.24	25.51	-13.27
May	17.58	63.74	18.68	-1.10

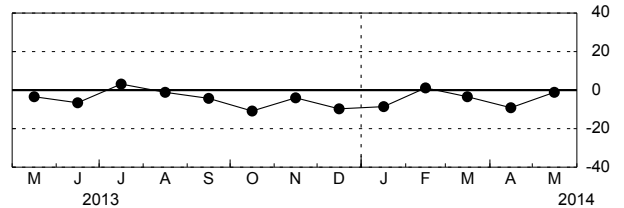
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	5.10	80.61	14.29	-9.18
May	10.99	76.92	12.09	-1.10

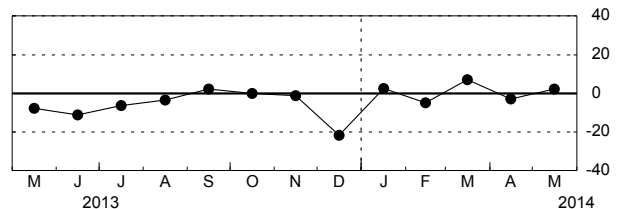
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	13.27	70.41	16.33	-3.06
May	24.18	53.85	21.98	2.20

## Inventories - Diffusion Index



## Current Indicators, *continued*

### Change from Preceding Month

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	27.55	67.35	5.10	22.45
May	23.08	73.63	3.30	19.78

#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	16.33	77.55	6.12	10.20
May	15.38	75.82	8.79	6.59

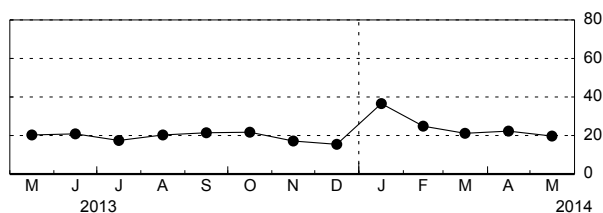
#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	18.37	71.43	10.20	8.16
May	30.77	59.34	9.89	20.88

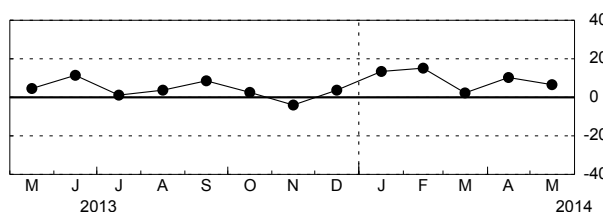
#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	12.24	77.55	10.20	2.04
May	10.99	80.22	8.79	2.20

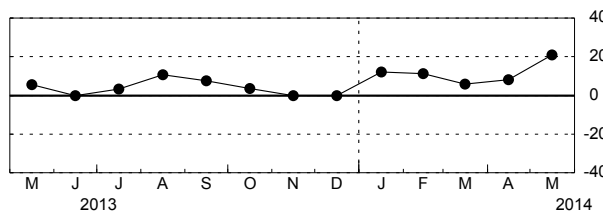
Prices Paid - Diffusion Index



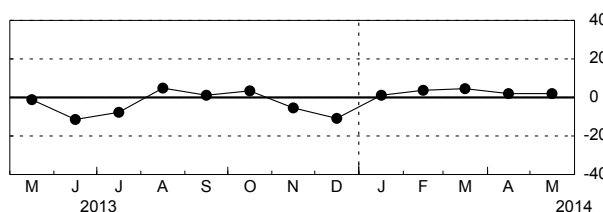
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



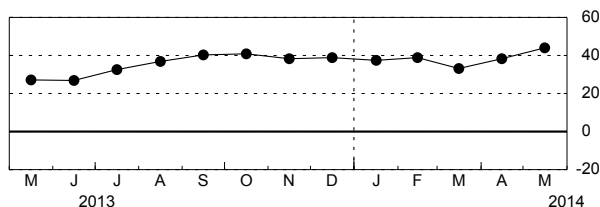
# Forward-Looking Indicators

Expectations Six Months Ahead

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	47.54	43.14	9.31	38.23
May	53.17	37.61	9.21	43.96

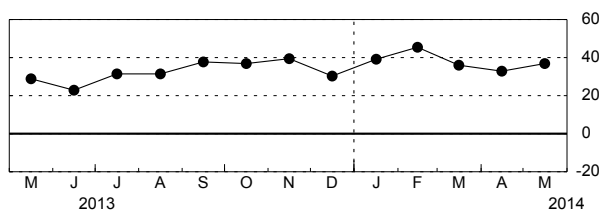
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	44.16	44.37	11.47	32.69
May	50.39	35.93	13.68	36.71

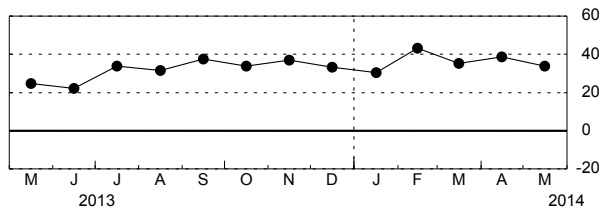
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	47.40	44.03	8.57	38.83
May	47.92	37.96	14.12	33.80

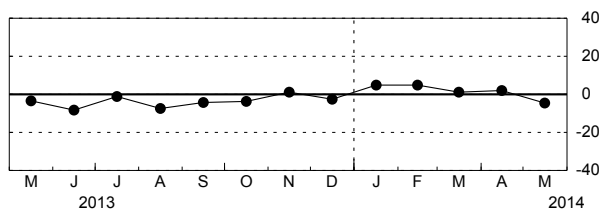
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	13.27	75.51	11.22	2.04
May	13.19	69.23	17.58	-4.40

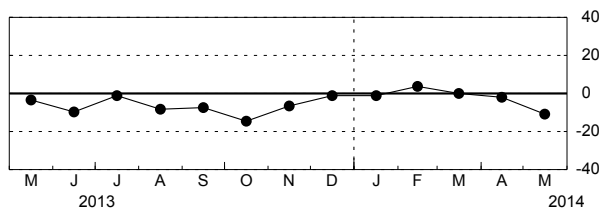
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	10.20	77.55	12.24	-2.04
May	6.59	75.82	17.58	-10.99

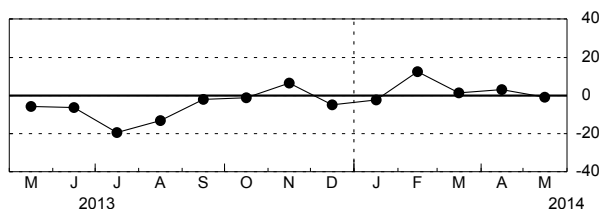
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	17.35	68.37	14.29	3.06
May	23.08	52.75	24.18	-1.10

Inventories - Diffusion Index



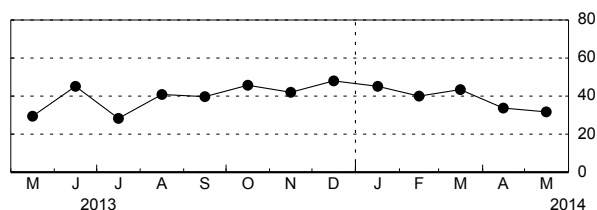
## Forward-Looking Indicators, *continued*

### Expectations Six Months Ahead

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	37.76	58.16	4.08	33.67
May	37.36	57.14	5.49	31.87

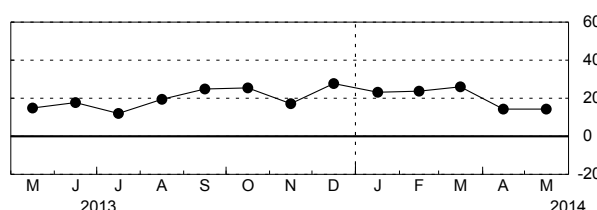
Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	23.47	67.35	9.18	14.29
May	25.27	63.74	10.99	14.29

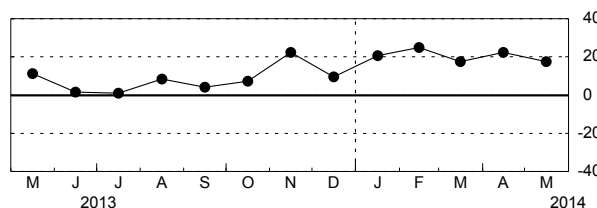
Prices Received - Diffusion Index



#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	28.57	65.31	6.12	22.45
May	28.57	60.44	10.99	17.58

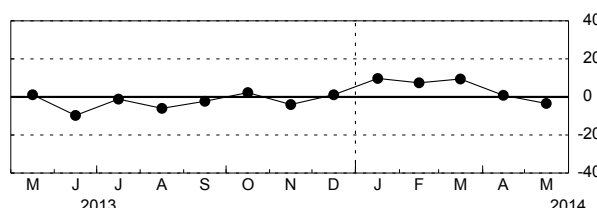
Number of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	11.22	78.57	10.20	1.02
May	10.99	74.73	14.29	-3.30

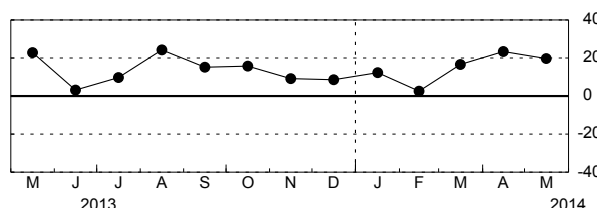
Average Employee Workweek - Diffusion Index



#### Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	31.63	60.20	8.16	23.47
May	35.16	49.45	15.38	19.78

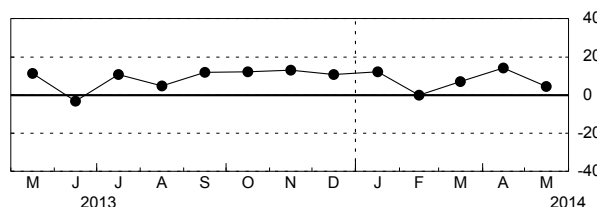
Capital Expenditures - Diffusion Index



#### Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	23.47	67.35	9.18	14.29
May	18.68	67.03	14.29	4.40

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.