

# Empire State Manufacturing Survey

The June 2014 *Empire State Manufacturing Survey* indicates that business conditions improved significantly for a second consecutive month for New York manufacturers. The headline general business conditions index was 19.3, a reading nearly identical to last month's multiyear high. The new orders index climbed eight points to 18.4, its highest level in four years, and the shipments index inched down to 14.2. The unfilled orders index held steady at a level close to zero. The indexes for both prices paid and prices received were slightly lower, indicating a slowing in the pace of price increases. Labor market conditions continued to improve, with indexes pointing to a modest increase in employment levels and hours worked. Indexes for the six-month outlook remained highly optimistic, with the future new orders and shipments indexes recording notable gains.

## Business Activity Expands at a Solid Clip

Business conditions improved significantly for a second consecutive month for New York manufacturers, according to the June 2014 survey. After climbing to a multiyear high last month, the general business conditions index held steady at 19.3. Forty percent of respondents reported that conditions had improved over the month, while 21 percent reported that conditions had worsened. The new orders index advanced eight points to 18.4, its highest level in four years. The shipments index fell three points but, at 14.2, still pointed to a significant expansion in shipments over the month. The unfilled orders index remained at -1.1, indicating that the level of unfilled orders was largely stable. The delivery time index rose two points to 1.1. The inventories index rose seven points to 9.7, indicating that inventory levels were somewhat higher in June.

## Price Increases Slow for a Second Month

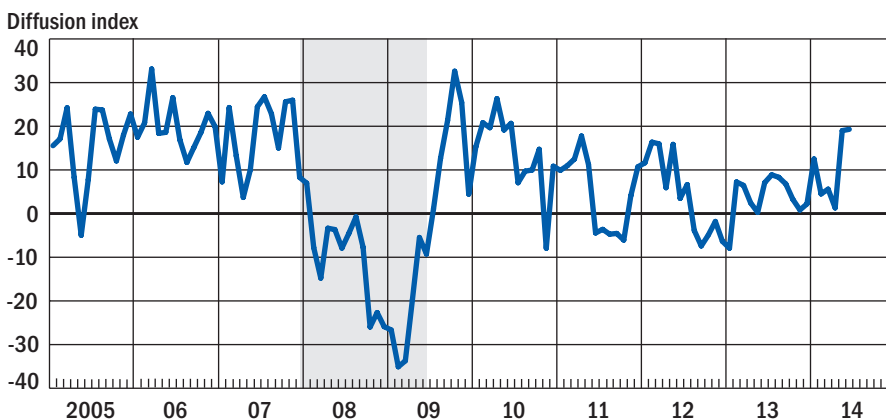
For a second consecutive month, both price indexes inched lower, suggesting that price increases were somewhat slower over the month. The prices paid index fell three points to 17.2, and the prices received index fell two points to 4.3. After surging last month, the index for number of employees fell back to 10.8, suggesting that employment levels continued to climb, though at a more modest pace than last month. The average workweek index moved up seven points to 9.7, pointing to an increase in hours worked.

## Six-Month Outlook Remains Optimistic

As in May, indexes for the six-month outlook conveyed a strong degree of optimism about future business conditions. The index for future general business conditions fell four points, but remained high at 39.8. The future new orders index climbed to 44.5, and the index for expected shipments rose eleven points to 45.2. Indexes for expected prices were somewhat higher, with the future prices paid index rising five points to 36.6 and the index for future prices received climbing two points to 16.1. The index for expected number of employees rose to 20.4, and the future average workweek index rose to zero. The capital expenditures index fell for a second consecutive month, dropping to 11.8—a sign that while capital spending plans were generally positive, spending growth was expected to slow. The technology spending index was little changed at 3.2, suggesting only a slight increase in technology spending. ■

## General Business Conditions

Seasonally adjusted



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

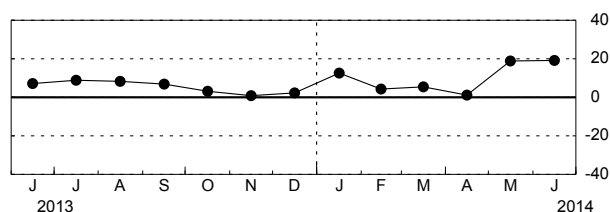
# Current Indicators

Change from Preceding Month

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	36.80	45.40	17.80	19.01
Jun	40.40	38.47	21.13	19.28

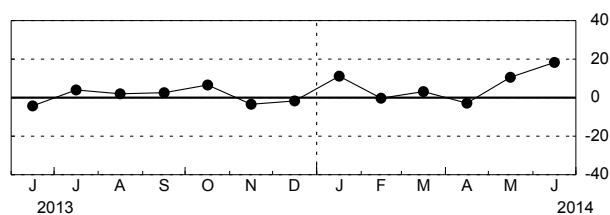
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	31.94	46.57	21.50	10.44
Jun	40.67	37.02	22.31	18.36

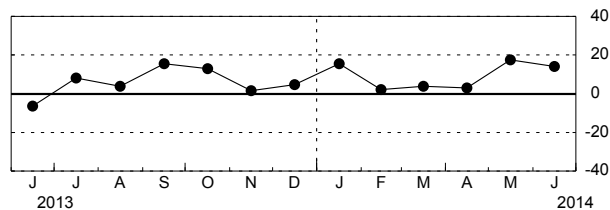
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	34.18	49.08	16.74	17.44
Jun	35.16	43.82	21.02	14.15

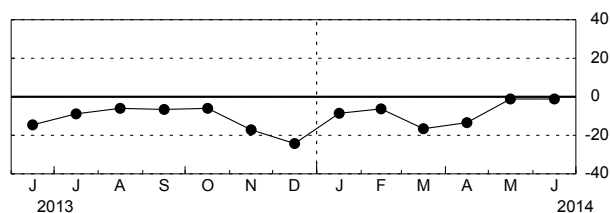
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	17.58	63.74	18.68	-1.10
Jun	15.05	68.82	16.13	-1.08

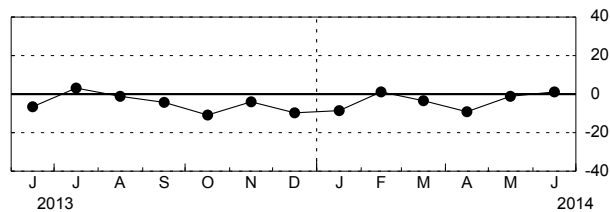
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	10.99	76.92	12.09	-1.10
Jun	11.83	77.42	10.75	1.08

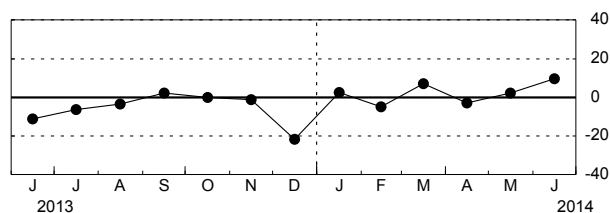
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	24.18	53.85	21.98	2.20
Jun	26.88	55.91	17.20	9.68

Inventories - Diffusion Index



## Current Indicators, *continued*

### Change from Preceding Month

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	23.08	73.63	3.30	19.78
Jun	21.51	74.19	4.30	17.20

#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	15.38	75.82	8.79	6.59
Jun	12.90	78.49	8.60	4.30

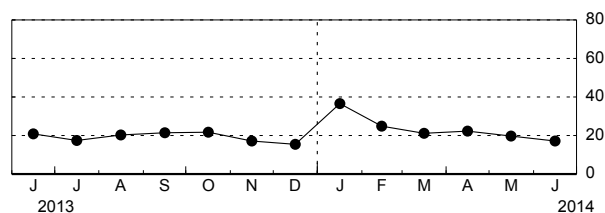
#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	30.77	59.34	9.89	20.88
Jun	21.51	67.74	10.75	10.75

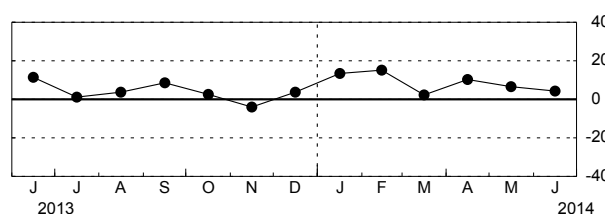
#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	10.99	80.22	8.79	2.20
Jun	15.05	79.57	5.38	9.68

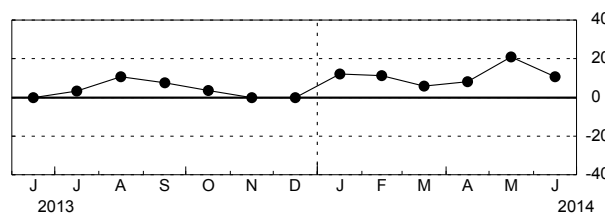
Prices Paid - Diffusion Index



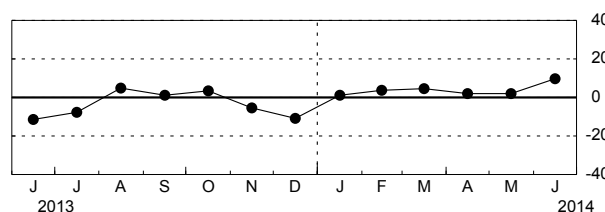
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



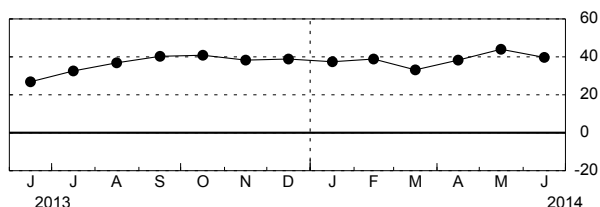
# Forward-Looking Indicators

Expectations Six Months Ahead

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	53.17	37.61	9.21	43.96
Jun	52.27	35.30	12.43	39.84

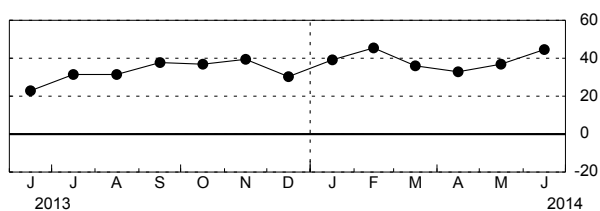
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	50.39	35.93	13.68	36.71
Jun	55.36	33.80	10.84	44.52

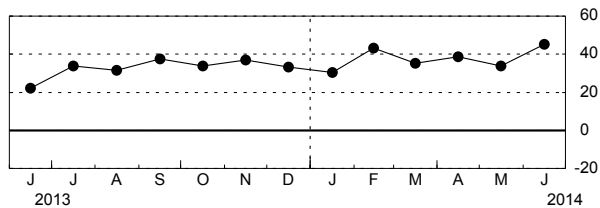
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	47.92	37.96	14.12	33.80
Jun	56.15	32.84	11.01	45.15

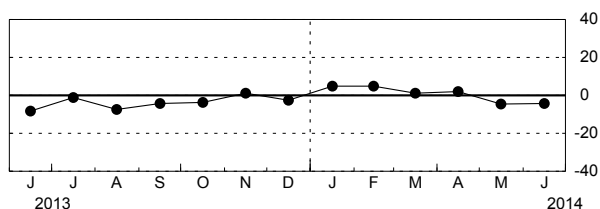
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	13.19	69.23	17.58	-4.40
Jun	12.90	69.89	17.20	-4.30

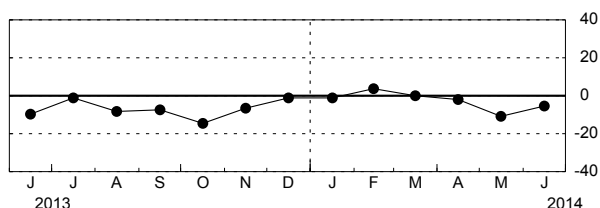
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	6.59	75.82	17.58	-10.99
Jun	12.90	68.82	18.28	-5.38

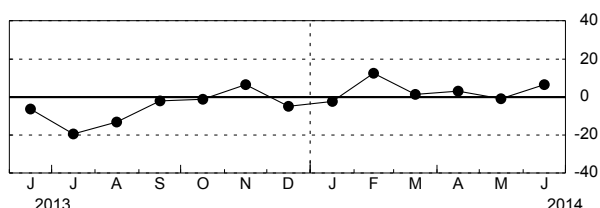
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	23.08	52.75	24.18	-1.10
Jun	26.88	52.69	20.43	6.45

Inventories - Diffusion Index



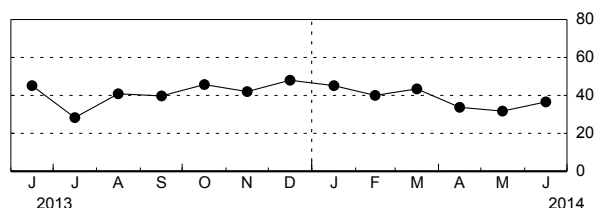
## Forward-Looking Indicators, *continued*

### Expectations Six Months Ahead

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	37.36	57.14	5.49	31.87
Jun	39.78	56.99	3.23	36.56

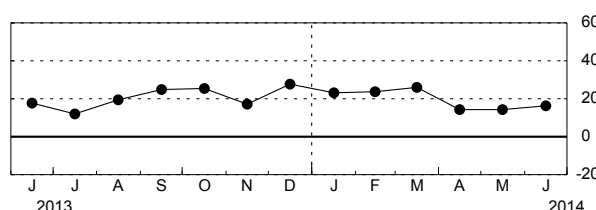
#### Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	25.27	63.74	10.99	14.29
Jun	23.66	68.82	7.53	16.13

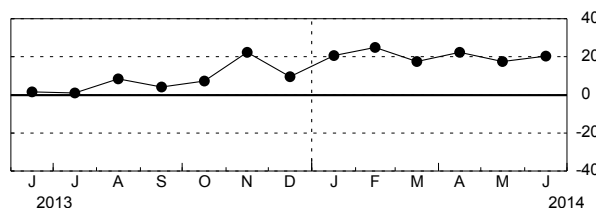
#### Prices Received - Diffusion Index



#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	28.57	60.44	10.99	17.58
Jun	34.41	51.61	13.98	20.43

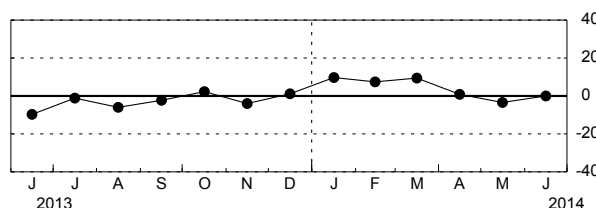
#### Number of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	10.99	74.73	14.29	-3.30
Jun	13.98	72.04	13.98	0.00

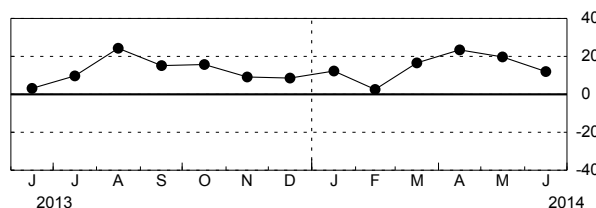
#### Average Employee Workweek - Diffusion Index



#### Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	35.16	49.45	15.38	19.78
Jun	25.81	60.22	13.98	11.83

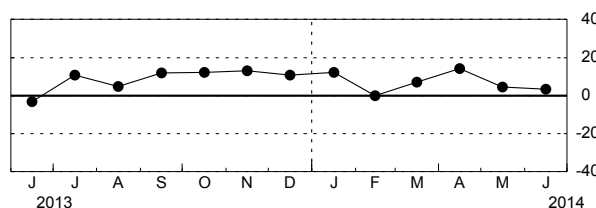
#### Capital Expenditures - Diffusion Index



#### Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	18.68	67.03	14.29	4.40
Jun	17.20	68.82	13.98	3.23

#### Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.