

# Empire State Manufacturing Survey

Business activity continued to expand in New York State, according to firms responding to the February 2018 *Empire State Manufacturing Survey*. The headline general business conditions index fell five points to 13.1, suggesting a somewhat slower pace of growth than in January. The new orders index and the shipments index were little changed, and indicated ongoing growth in orders and shipments. Unfilled orders increased slightly, and delivery times lengthened. Labor market conditions pointed to a modest increase in employment and hours worked. Input price increases picked up noticeably, with the prices paid index reaching its highest level in several years. Firms remained very optimistic about future business conditions, and capital spending plans continued to be robust.

## Growth Continues

Manufacturing firms in New York State reported that business activity continued

to expand, though at a somewhat slower pace than last month. The general business conditions index moved down five points to 13.1. Thirty-seven percent of respondents reported that conditions had improved over the month, while 24 percent reported that conditions had worsened. The new orders index was little changed at 13.5, and the shipments index was also little changed at 12.5—readings that indicated ongoing growth in orders and shipments. The unfilled orders index remained positive for a second consecutive month, reflecting a small increase in unfilled orders. The delivery time index rose eight points to 11.1, a sign that delivery times lengthened. The inventories index declined but remained positive at 4.9, suggesting that inventory levels edged higher.

## Input Price Increases Pick Up

The index for number of employees rose to 10.9, signaling a modest increase in employment levels, and the average

workweek index rose to 4.6, indicating that hours worked also climbed. Input price increases were noticeably higher. The prices paid index climbed twelve points to 48.6, its highest level in nearly six years. The prices received index held steady at 21.5, a level pointing to continued moderate selling price increases.

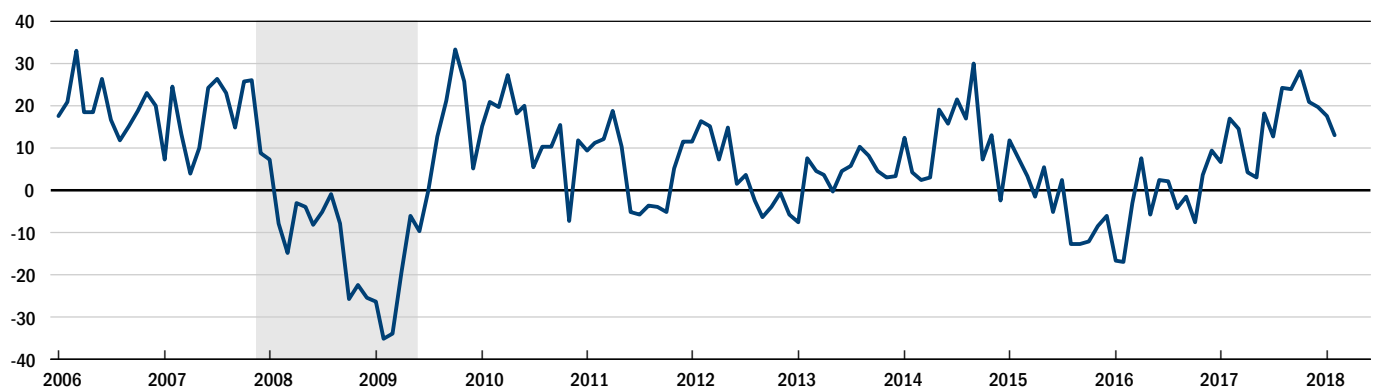
## Firms Remain Optimistic about Future Conditions

Looking ahead, firms continued to be optimistic about the six-month outlook. The index for future business conditions edged up two points to 50.5. The index for future delivery times reached a record high of 15.3, indicating that firms expected longer delivery times in the months ahead. The index for future prices paid stayed close to last month's multiyear high, and the capital expenditures index, at 31.9, showed that firms' capital spending plans remained strong. ■

## General Business Conditions

Seasonally Adjusted

Diffusion Index

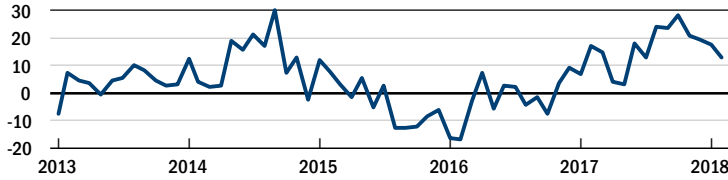


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

# Current Indicators

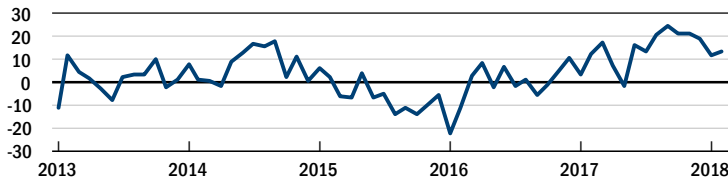
Change from Preceding Month

## General Business Conditions



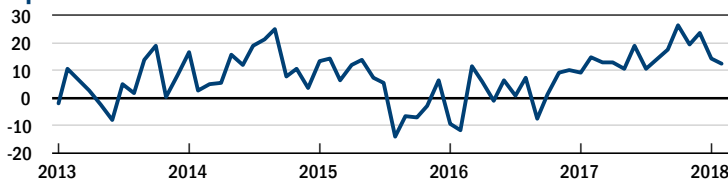
	Percent Reporting		Index
	Higher	Lower	
Jan	32.4	14.7	17.7
Feb	36.8	23.6	13.1
Change			-4.6

## New Orders



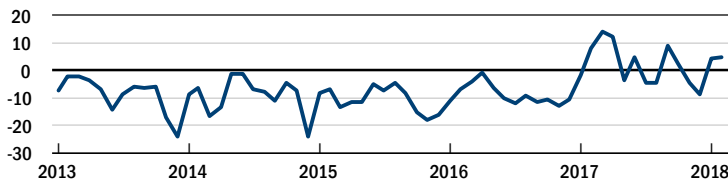
	Percent Reporting		Index
	Higher	Lower	
Jan	30.5	18.5	11.9
Feb	39.0	25.6	13.5
Change			1.6

## Shipments



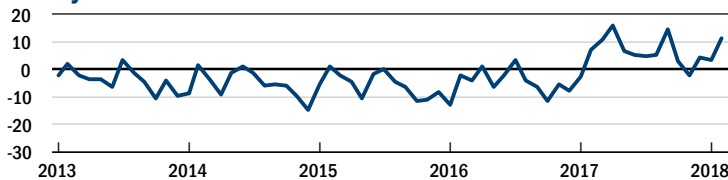
	Percent Reporting		Index
	Higher	Lower	
Jan	34.4	20.0	14.4
Feb	35.2	22.7	12.5
Change			-1.9

## Unfilled Orders



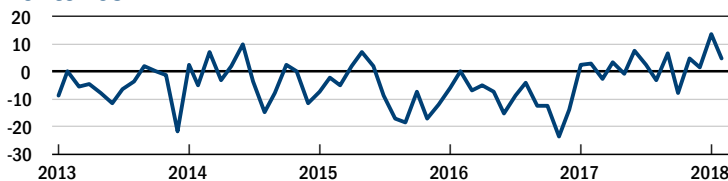
	Percent Reporting		Index
	Higher	Lower	
Jan	15.9	11.6	4.3
Feb	19.4	14.6	4.9
Change			0.6

## Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Jan	13.0	9.4	3.6
Feb	20.1	9.0	11.1
Change			7.5

## Inventories

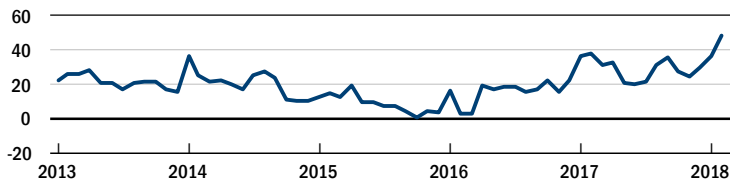


	Percent Reporting		Index
	Higher	Lower	
Jan	23.9	10.1	13.8
Feb	25.0	20.1	4.9
Change			-8.9

# Current Indicators, *continued*

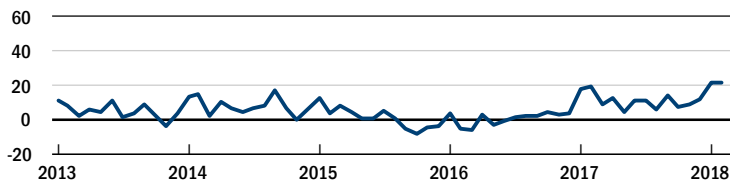
Change from Preceding Month

## Prices Paid



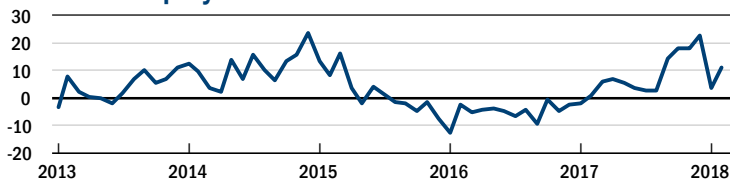
	Percent Reporting		Index
	Higher	Lower	
Jan	39.9	3.6	36.2
Feb	51.4	2.8	48.6
Change			12.4

## Prices Received



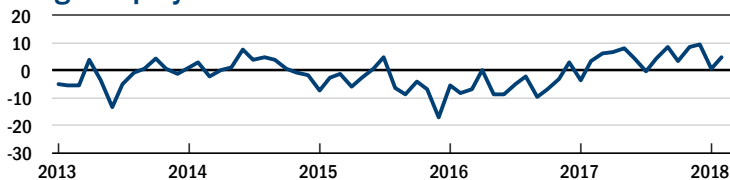
	Percent Reporting		Index
	Higher	Lower	
Jan	24.6	2.9	21.7
Feb	25.0	3.5	21.5
Change			-0.2

## Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jan	15.6	11.8	3.8
Feb	18.9	8.0	10.9
Change			7.1

## Average Employee Workweek



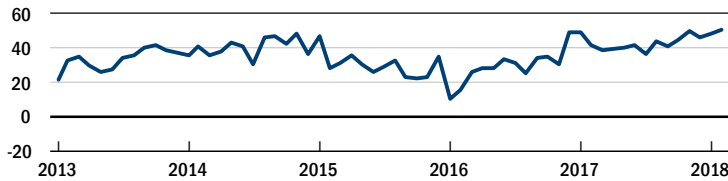
	Percent Reporting		Index
	Higher	Lower	
Jan	11.5	10.7	0.8
Feb	19.4	14.7	4.6
Change			3.8

Note: Data are seasonally adjusted.

# Forward-Looking Indicators

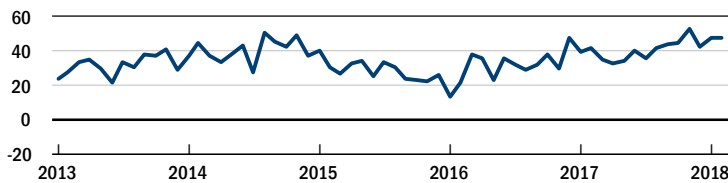
Expectations Six Months Ahead

## General Business Conditions



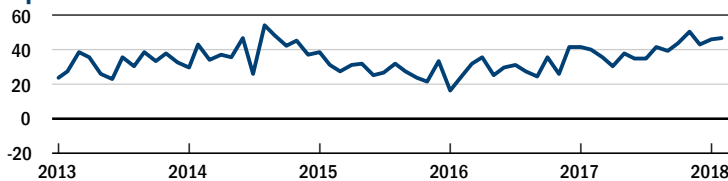
	Percent Reporting		Index
	Higher	Lower	
Jan	61.5	12.9	48.6
Feb	58.6	8.2	50.5
Change			1.9

## New Orders



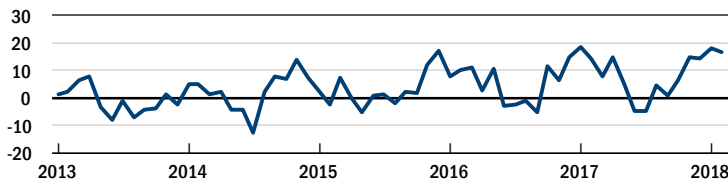
	Percent Reporting		Index
	Higher	Lower	
Jan	58.0	10.4	47.6
Feb	55.1	7.8	47.2
Change			-0.4

## Shipments



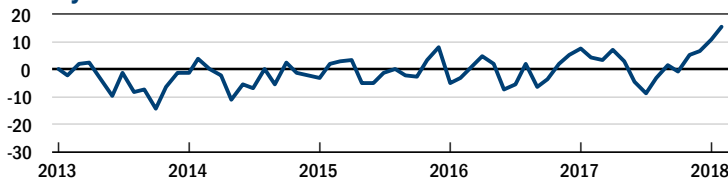
	Percent Reporting		Index
	Higher	Lower	
Jan	58.0	11.6	46.3
Feb	55.6	8.9	46.7
Change			0.4

## Unfilled Orders



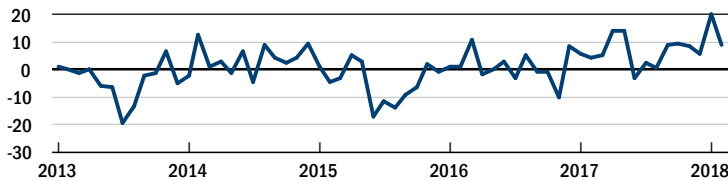
	Percent Reporting		Index
	Higher	Lower	
Jan	25.4	7.2	18.1
Feb	23.6	6.9	16.7
Change			-1.4

## Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Jan	17.4	6.5	10.9
Feb	23.6	8.3	15.3
Change			4.4

## Inventories

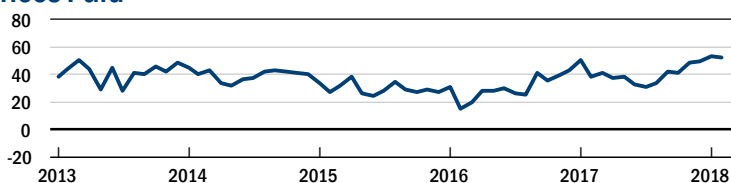


	Percent Reporting		Index
	Higher	Lower	
Jan	31.2	10.9	20.3
Feb	29.2	20.1	9.0
Change			-11.3

# Forward-Looking Indicators, *continued*

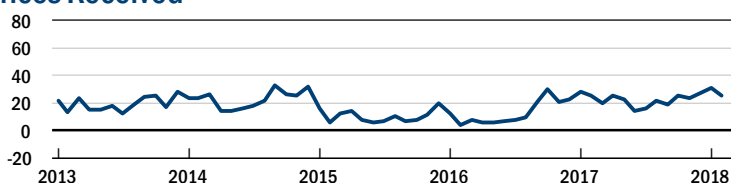
Expectations Six Months Ahead

## Prices Paid



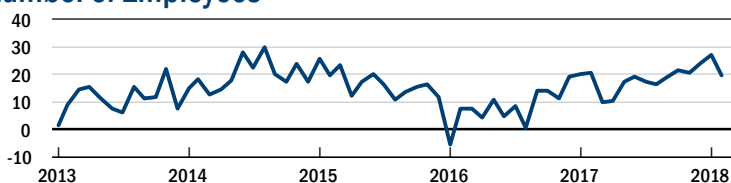
	Percent Reporting		Index
	Higher	Lower	
Jan	55.1	2.2	52.9
Feb	55.6	3.5	52.1
Change			-0.8

## Prices Received



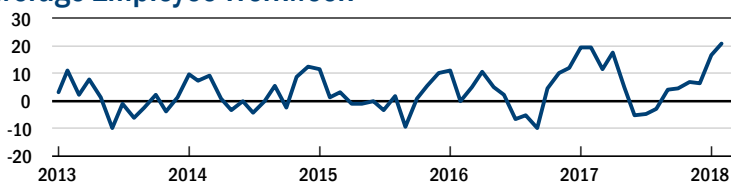
	Percent Reporting		Index
	Higher	Lower	
Jan	33.3	2.2	31.2
Feb	31.3	5.6	25.7
Change			-5.5

## Number of Employees



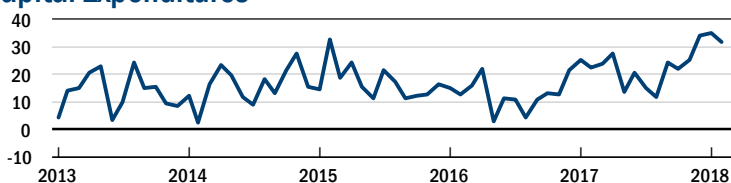
	Percent Reporting		Index
	Higher	Lower	
Jan	32.9	6.0	26.9
Feb	30.7	11.3	19.5
Change			-7.4

## Average Employee Workweek



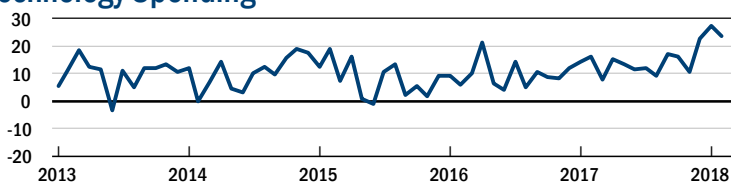
	Percent Reporting		Index
	Higher	Lower	
Jan	24.6	8.0	16.7
Feb	25.0	4.2	20.8
Change			4.1

## Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Jan	41.3	6.5	34.8
Feb	41.7	9.7	31.9
Change			-2.9

## Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Jan	33.3	5.8	27.5
Feb	29.2	5.6	23.6
Change			-3.9

Note: Data are seasonally adjusted.