

# October 2003

## Empire State Manufacturing

### Survey

#### Summary

The *Empire State Manufacturing Survey* indicates that conditions improved substantially for New York manufacturers in October. The general business conditions index climbed to a record level of 33.7. The new orders and shipments indexes also reached unprecedentedly high levels and, like the business conditions index, continued a half-year-long trend of positive readings. The prices paid index dropped from last month but remained positive, while the prices received index remained negative. The two employment indexes were simultaneously positive for the first time in more than a year. Future indexes, very favorable for the past several months, indicated an even greater degree of optimism, and the capital expenditures index rose to its highest level in more than a year.

#### A Record-Breaking Month

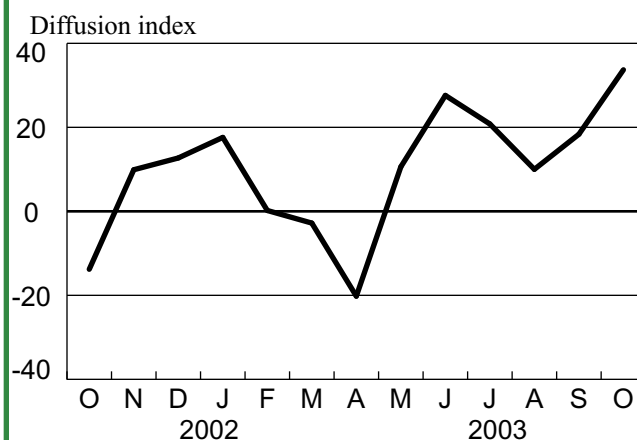
The general business conditions index rose to 33.7, its highest level on record. Only 8 percent of respondents indicated that conditions had deteriorated from September to October, and 42 percent reported improved conditions. The new orders and shipments indexes also rose to record levels. The new orders index climbed to 34.8, an increase of roughly 20 points from last month's level, with 46 percent reporting a rise in orders and only 11 percent reporting a decline. The shipments index advanced 8 points to 25.3, with nearly 40 percent of respondents indicating that shipments had increased. The unfilled orders index rose into positive territory, reaching 6.2, its highest level in more than a year. The delivery time index climbed to zero, and the inventories index fell to -13.7, with 30 percent of respondents reporting that inventories had fallen.

Pricing indexes were little changed from their historical pattern. The prices paid index fell somewhat from last month's reading but remained positive at 6.9. The prices received index remained negative at -10.8, with only a few respondents reporting an increase.

#### Both Employment Indexes Indicate Improvement

For the first time in over a year, the two employment indexes were simultaneously positive. The number of employees index rose to 10.8, its highest level in considerably more than a year. The increase stemmed from a substantial reduction in those reporting an employment decline, from 23 percent last month to 10 percent in October. Twenty-one percent reported higher employment levels, a slight drop from last month, and 70 percent reported no change. The average workweek index was positive for a second month in a row, although it fell

#### General Business Conditions



slightly to 11.9. There was a decline both in the percentage of respondents reporting a shorter workweek, from 15 percent to 6 percent, and in the percentage reporting a longer workweek, from 31 percent to 18 percent—a pattern similar to that seen in the number of employees index. Both employment indexes showed a significant increase in those reporting no change in conditions.

#### Future Indexes Improve from Already High Levels

Future indexes rose in October, indicating increased optimism. The future general business conditions index advanced several points to 66.7, with 73 percent expecting conditions to improve in six months. Future indexes for new orders and shipments were similarly positive and somewhat higher than last month's levels. The future inventories index was positive for a third consecutive month, following a string of five negative readings. For a second month, the future prices paid index was elevated from levels reported earlier this year, reaching 27.5. The future prices received index, at 4.9, was positive for a second month. Future employment indexes remained positive and close to their levels of the past several months. The capital expenditures index rose 6 points to 26.5, its highest level in more than a year.

#### 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.

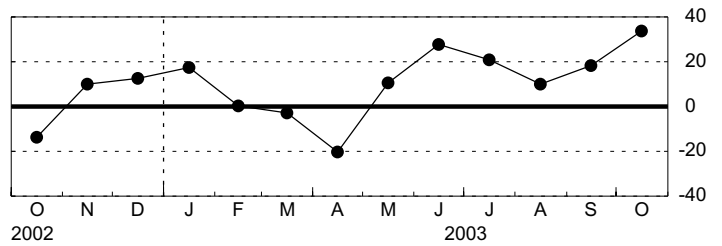
# Empire State Manufacturing Survey, October 2003

Seasonally Adjusted

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	35.77	46.82	17.42	18.35
Oct	42.19	49.32	8.49	33.70

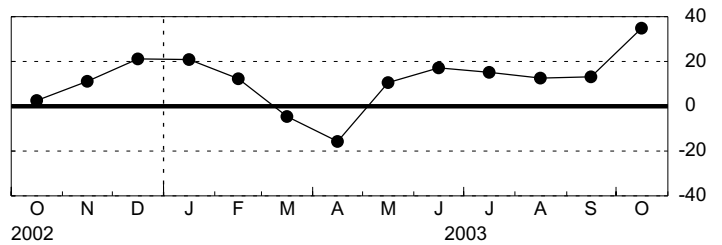
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	37.19	38.65	24.16	13.03
Oct	45.67	43.45	10.88	34.79

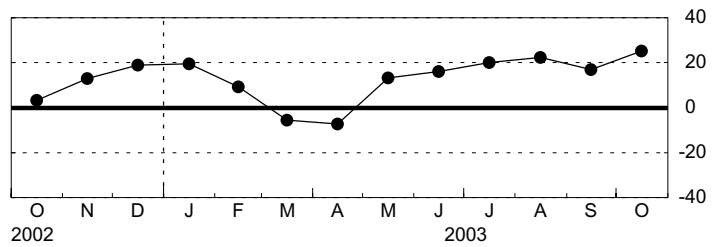
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	37.88	41.28	20.85	17.03
Oct	39.91	45.49	14.61	25.30

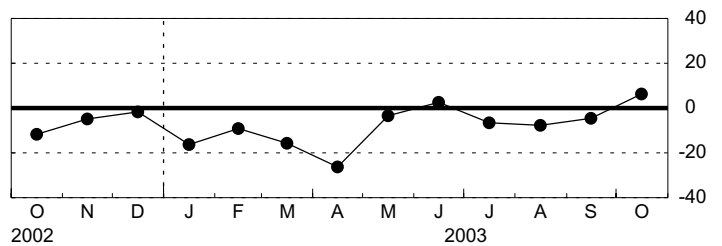
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	18.45	58.64	22.91	-4.46
Oct	21.29	63.64	15.07	6.23

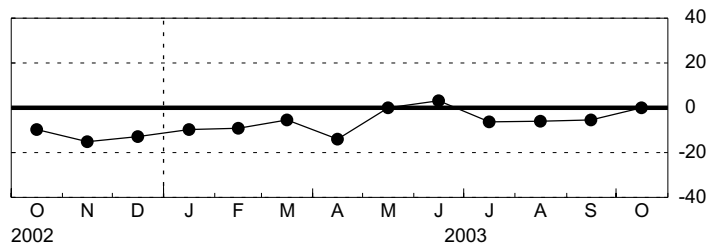
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	6.42	81.65	11.93	-5.50
Oct	6.86	86.27	6.86	0.00

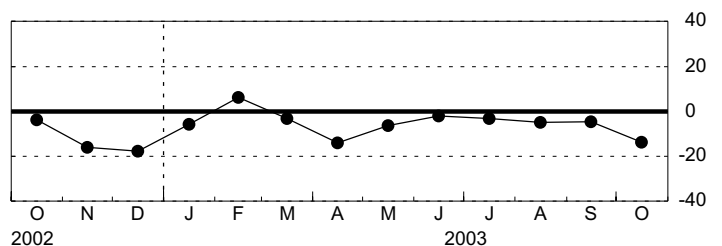
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	23.85	47.71	28.44	-4.59
Oct	16.67	52.94	30.39	-13.73

## Inventories - Diffusion Index



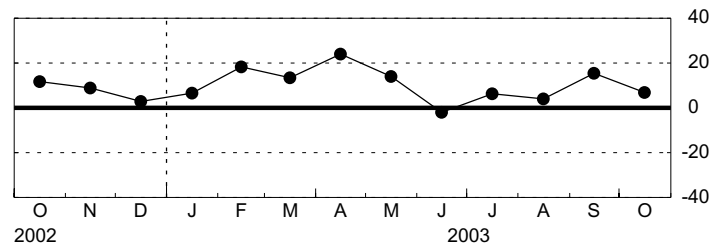
# Empire State Manufacturing Survey, October 2003

## Seasonally Adjusted

### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	20.18	75.23	4.59	15.60
Oct	9.80	87.25	2.94	6.86

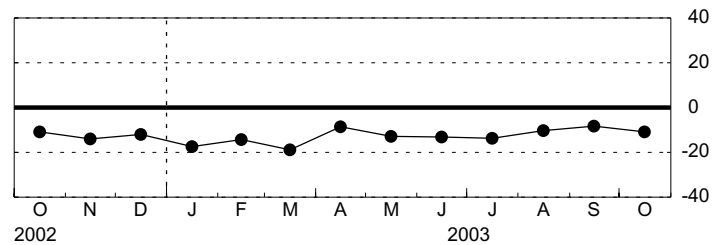
### Prices Paid - Diffusion Index



### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	10.09	71.56	18.35	-8.26
Oct	1.96	85.29	12.75	-10.78

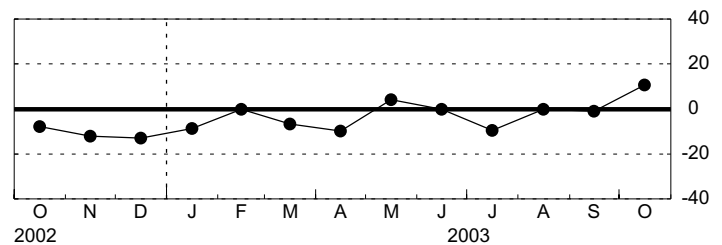
### Prices Received - Diffusion Index



### No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	22.02	55.05	22.94	-0.92
Oct	20.59	69.61	9.80	10.78

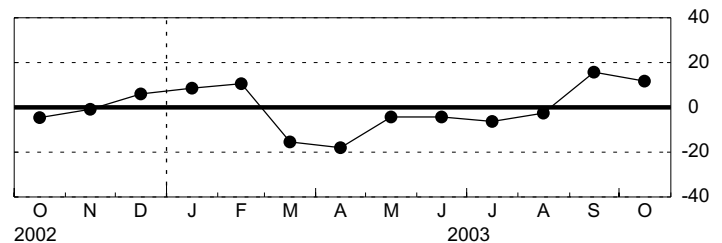
### No. of Employees - Diffusion Index



### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	30.87	53.95	15.18	15.70
Oct	18.02	75.86	6.12	11.90

### Average Employee Workweek - Diffusion Index

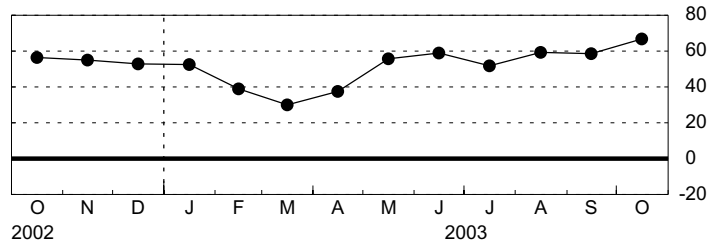


# Empire State Manufacturing Survey, October 2003, Expectations Six Months Ahead Seasonally Adjusted

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	68.17	22.45	9.38	58.79
Oct	73.19	20.34	6.47	66.72

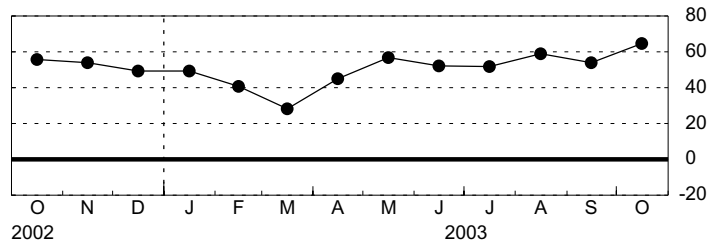
## General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	64.39	25.08	10.52	53.87
Oct	71.27	22.07	6.66	64.60

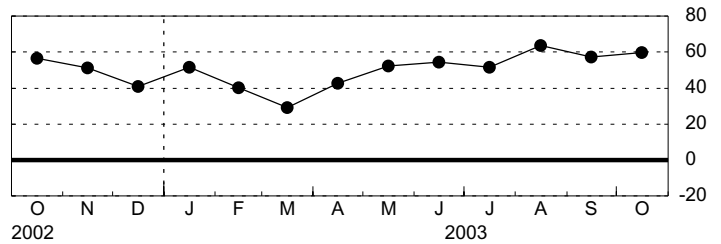
## New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	67.44	22.30	10.26	57.18
Oct	65.59	28.74	5.67	59.93

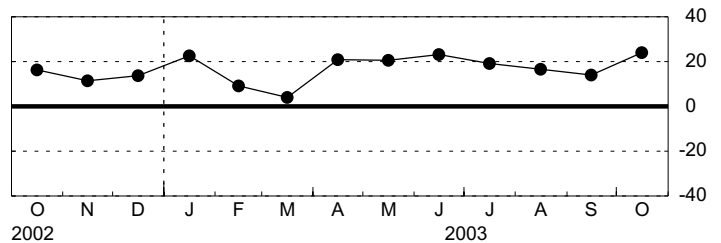
## Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	28.54	57.12	14.34	14.20
Oct	31.52	60.87	7.61	23.90

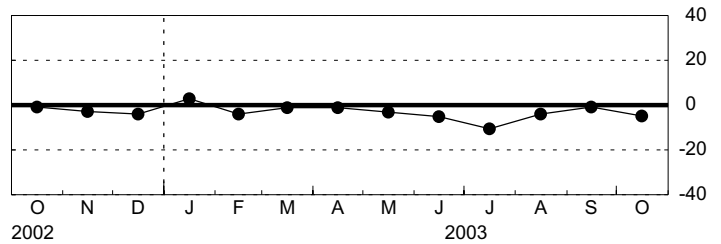
## Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	13.76	71.56	14.68	-0.92
Oct	6.86	81.37	11.76	-4.90

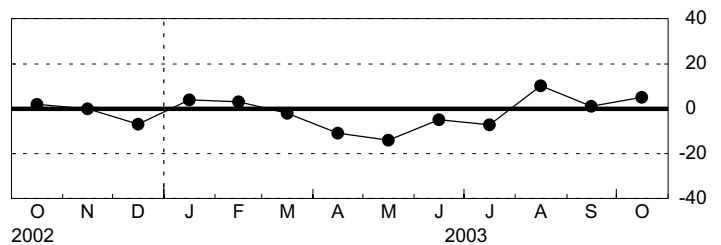
## Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	29.36	42.20	28.44	0.92
Oct	30.39	44.12	25.49	4.90

## Inventories - Diffusion Index

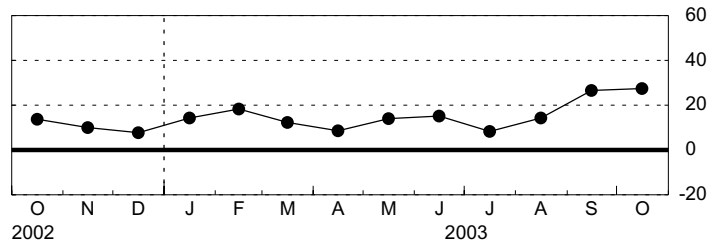


# Empire State Manufacturing Survey, October 2003, Expectations Six Months Ahead Seasonally Adjusted

## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	31.19	64.22	4.59	26.61
Oct	30.39	66.67	2.94	27.45

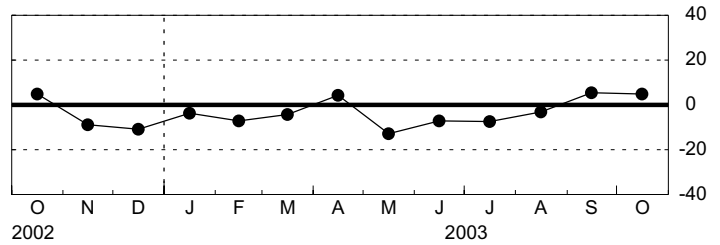
## Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	16.51	72.48	11.01	5.50
Oct	16.67	71.57	11.76	4.90

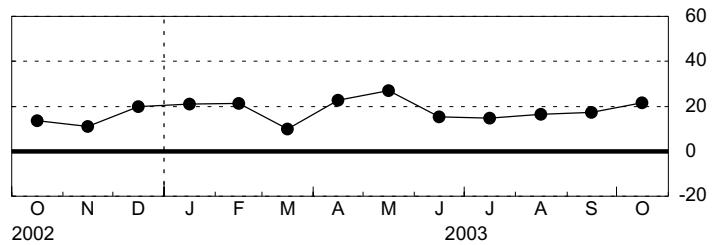
## Prices Received - Diffusion Index



## No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	32.11	53.21	14.68	17.43
Oct	35.29	50.98	13.73	21.57

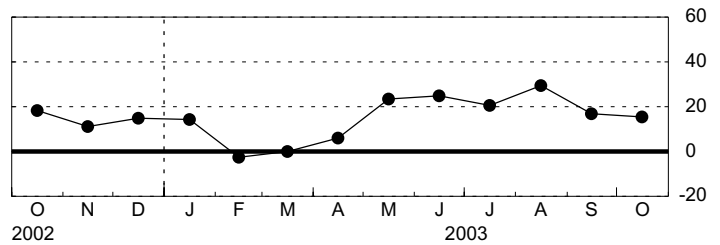
## No. of Employees - Diffusion Index



## Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	31.41	54.19	14.40	17.01
Oct	24.15	67.17	8.68	15.47

## Average Employee Workweek - Diffusion Index



## Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	35.78	48.62	15.60	20.18
Oct	38.24	50.00	11.76	26.47

## Capital Expenditures - Diffusion Index

