

November 2003

Empire State Manufacturing

Survey

Summary

The *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers improved substantially in November, with the general business conditions index setting a record high of 41.0. Indexes for new orders and shipments also topped the previous records set in October, and the unfilled orders and inventories indexes were slightly positive. Pricing indexes continued their recent pattern, with the prices paid index reading positive and the prices received index reading negative. Both employment indexes remained positive and close to last month's levels. Respondents continued to be highly optimistic about future conditions, with the six-months-ahead indexes generally solidly positive and near the high readings of recent months. The future capital expenditures index improved for a third consecutive month, reaching a record high.

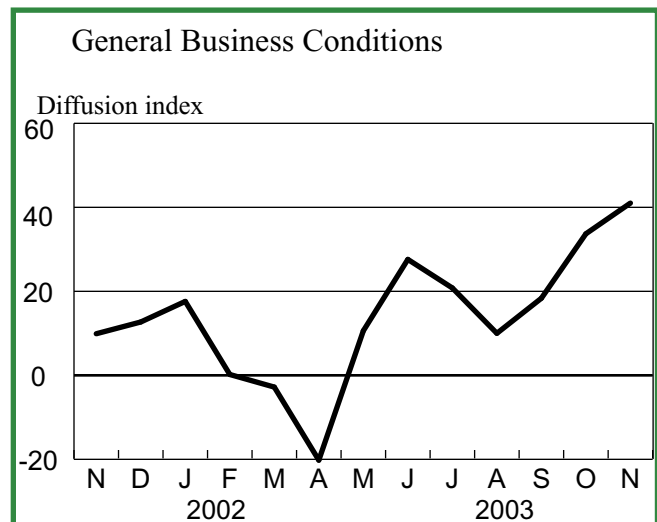
Another Record-Breaking Month

The general business conditions index indicated improvement for a seventh consecutive month, rising to 41.0 in November and shattering October's record high by nearly 7 points. For the first time in the survey's history, nearly 50 percent of respondents said that conditions improved from the previous month; only 8 percent reported deterioration. The new orders and shipments indexes also climbed to record levels, with roughly half of respondents reporting improvement in each case. For the new orders index, the rise was from 34.3 to 41.4, and for the shipments index, the rise was more than 10 points, from 26.8 to 37.6. The unfilled orders index was slightly above zero at 1.6, somewhat lower than last month's reading. The delivery time index retreated below zero to -5.1, while the inventories index rose above zero for the first time since February. Twenty-five percent of respondents indicated that inventories were higher than last month, while 23 percent reported lower inventories.

Pricing indexes continued their pattern of recent months: the prices paid index was positive and the prices received index negative. The prices paid index rose slightly from last month to reach 9.4, while the prices received index rose from -10.6 to -4.3.

Employment Indexes Show Continued Improvement

The employment indexes were both above zero, building on October's positive readings. The number of employees index reached 10.3; 22 percent of respondents reported



higher employment levels, while 12 percent reported lower levels. The average workweek index was positive for a third consecutive month, with 20 percent indicating that the workweek had expanded and only 8 percent reporting a shorter workweek.

Future Indexes Remain Very Optimistic

Expectations continued the high optimism of recent months. The future general business conditions index reached 67.0, with 72 percent expecting improved conditions in six months. Only 5 percent expected conditions to deteriorate. The future indexes for new orders and shipments were also above 60. A drop in the future unfilled orders index brought it to 16.4 from last month's 23.5. For the fourth consecutive month, the future inventories index was positive, reaching 9.4, with 32 percent expecting inventories to rise. The future prices paid index was positive at 20.5, and the future prices received index was slightly above zero at 3.4. The future number of employees index rose for a fourth month, reaching 25.6, and the future workweek index was positive at 15.8. The capital expenditures index advanced for a third consecutive month, reaching 30.8, 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.

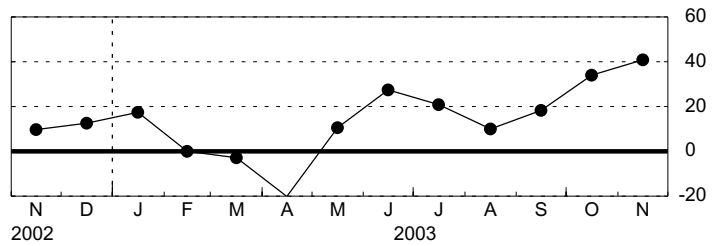
Empire State Manufacturing Survey, November 2003

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	42.44	49.23	8.33	34.11
Nov	49.11	42.80	8.09	41.01

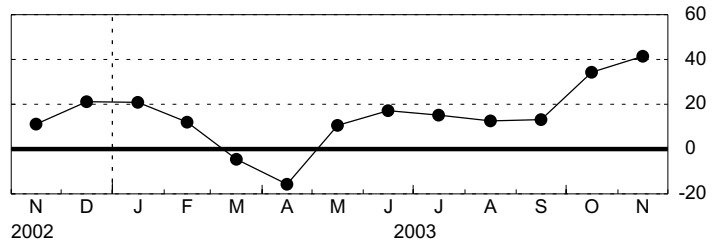
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	45.89	42.54	11.57	34.32
Nov	51.61	38.15	10.24	41.37

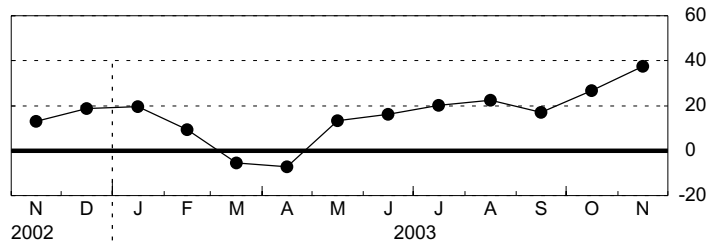
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	41.08	44.59	14.33	26.75
Nov	49.43	38.74	11.83	37.60

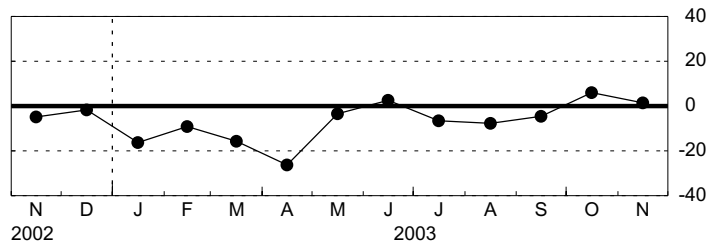
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	21.84	62.51	15.66	6.18
Nov	13.54	74.56	11.90	1.64

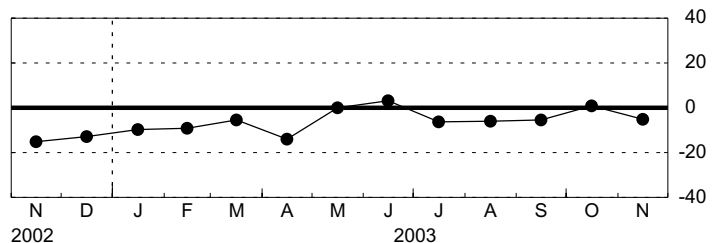
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	7.69	85.58	6.73	0.96
Nov	4.27	86.32	9.40	-5.13

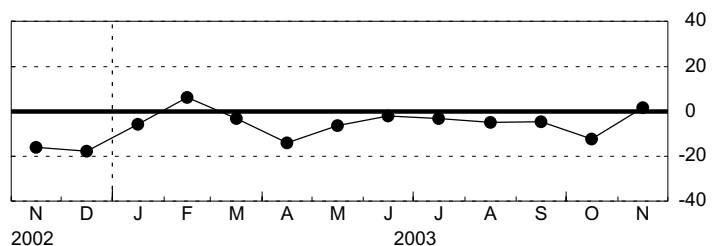
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	17.31	52.88	29.81	-12.50
Nov	24.79	52.14	23.08	1.71

Inventories - Diffusion Index



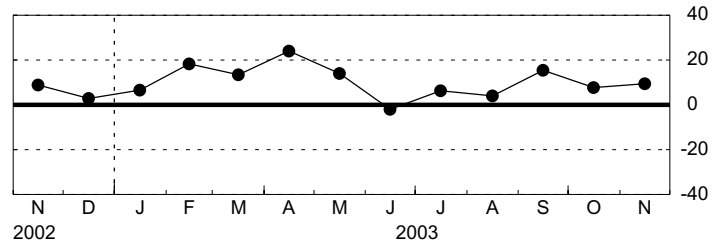
Empire State Manufacturing Survey, November 2003

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	10.58	86.54	2.88	7.69
Nov	17.09	75.21	7.69	9.40

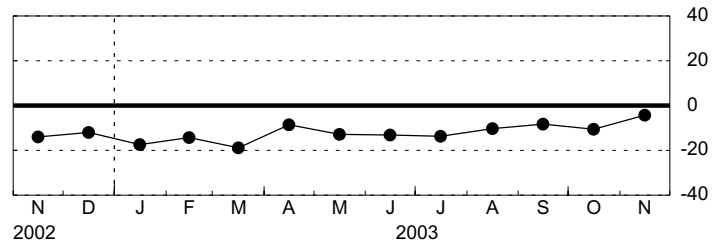
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	1.92	85.58	12.50	-10.58
Nov	5.13	85.47	9.40	-4.27

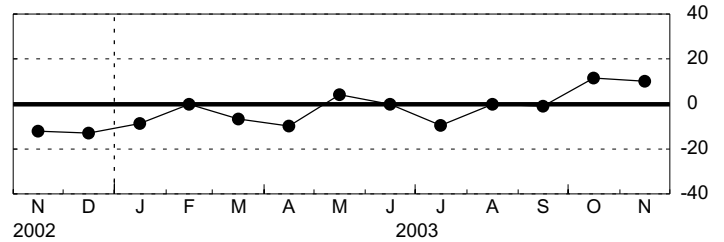
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	21.15	69.23	9.62	11.54
Nov	22.22	65.81	11.97	10.26

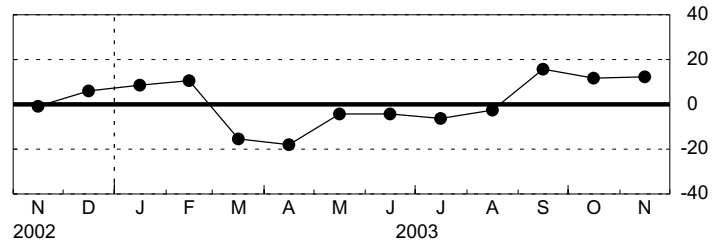
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	17.67	76.33	6.00	11.68
Nov	20.48	71.44	8.08	12.39

Average Employee Workweek - Diffusion Index

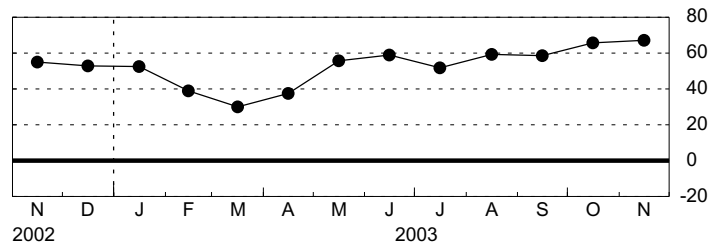


Empire State Manufacturing Survey, November 2003, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	72.02	21.64	6.34	65.68
Nov	72.45	22.10	5.45	67.00

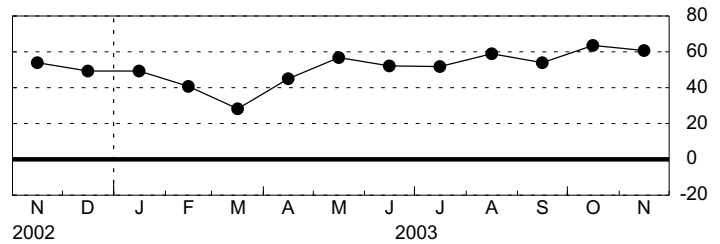
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	70.12	23.35	6.53	63.58
Nov	69.03	22.68	8.29	60.74

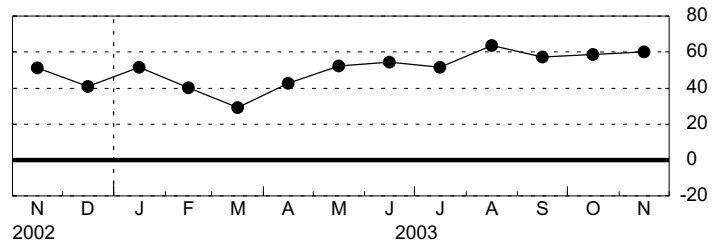
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	64.46	29.99	5.56	58.90
Nov	67.84	24.58	7.57	60.27

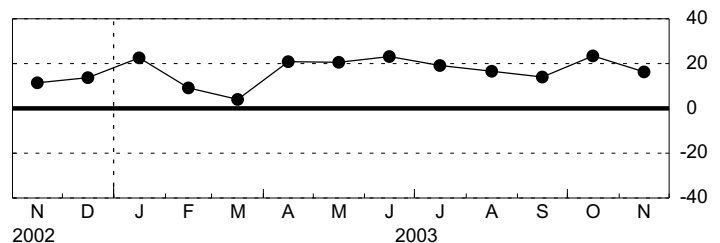
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	30.92	61.62	7.46	23.46
Nov	25.69	65.04	9.26	16.43

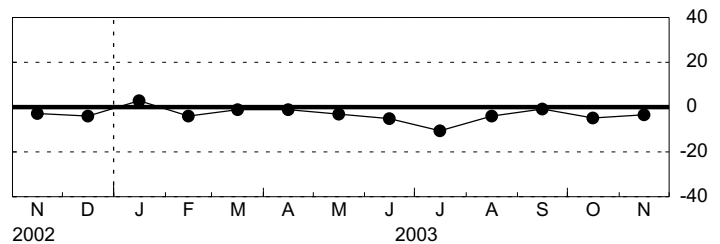
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	6.73	81.73	11.54	-4.81
Nov	7.69	81.20	11.11	-3.42

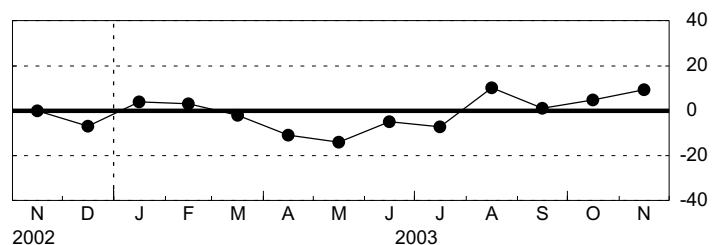
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	29.81	45.19	25.00	4.81
Nov	32.48	44.44	23.08	9.40

Inventories - Diffusion Index

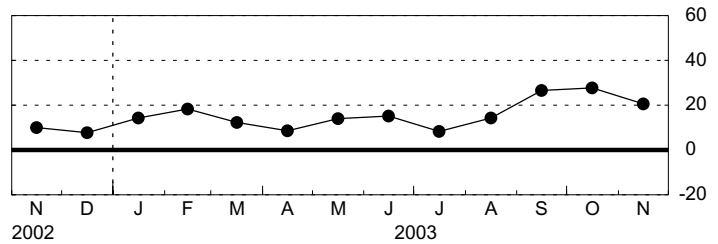


Empire State Manufacturing Survey, November 2003, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	30.77	66.35	2.88	27.88
Nov	29.06	62.39	8.55	20.51

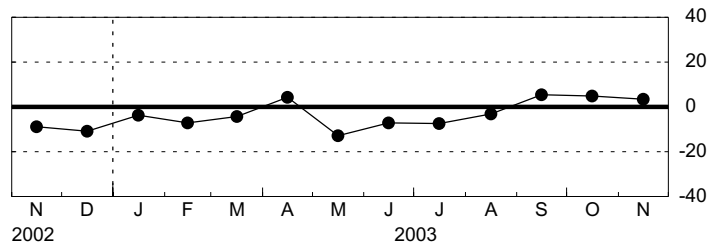
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	16.35	72.12	11.54	4.81
Nov	16.24	70.94	12.82	3.42

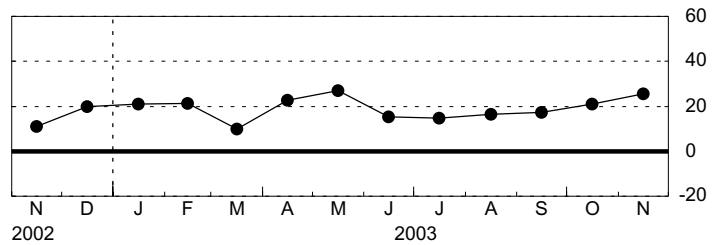
Prices Received - Diffusion Index



No. of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	34.62	51.92	13.46	21.15
Nov	37.61	50.43	11.97	25.64

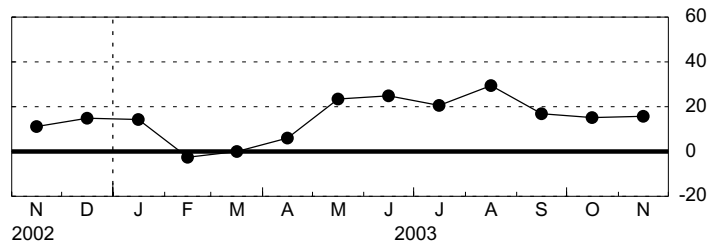
No. of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	23.70	67.79	8.51	15.20
Nov	24.27	67.21	8.52	15.75

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Oct	37.50	50.00	12.50	25.00
Nov	42.74	45.30	11.97	30.77

Capital Expenditures - Diffusion Index

