

# Empire State Manufacturing Survey

The August 2014 *Empire State Manufacturing Survey* indicates that business conditions continued to improve for New York manufacturers, but the improvement was less widespread than in the previous month. The headline general business conditions index retreated eleven points to 14.7, after reaching a four-year high in July. The new orders index slipped almost five points to 14.1, while the shipments index edged up a point to 24.6—a multiyear high. The unfilled orders index inched down one point to -8.0. The indexes for both prices paid and prices received were up slightly, indicating a marginal pickup in the pace of price increases. Labor market conditions were mixed, with the employment index declining slightly but the index for hours worked rising modestly. Most of the indexes for the six-month outlook

rebounded sharply, after slipping in the July survey; a number of them reached multiyear highs, signaling increasingly widespread optimism about the near-term outlook.

## General Business Conditions Index Retreats from Four-Year High

Business conditions improved for a fourth consecutive month for New York manufacturers, although the improvement was less widespread than last month's, according to the August 2014 survey. The general business conditions index retreated eleven points to 14.7, after climbing to a four-year high in July. Thirty-one percent of respondents reported that conditions had improved over the month, while 17 percent reported that they had worsened. The new orders index slipped nearly five points to 14.1, but the shipments index

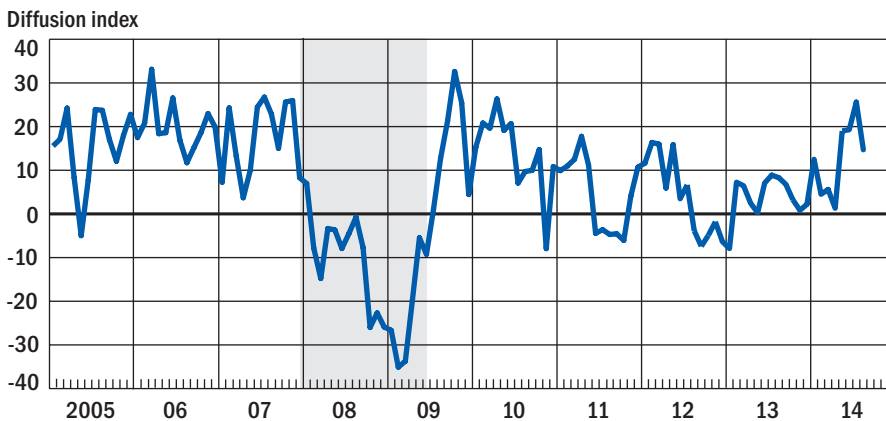
edged up one point to 24.6—its highest level since March 2010. The unfilled orders index eased back to -8.0, pointing to a slow but steady lessening in backlogs. The delivery time index fell five points to -5.7, and the inventories index fell another eleven points to -14.8, pointing to a noteworthy draw-down of inventories.

## Mixed News on Employment

Both price indexes edged up this month, suggesting a marginal pickup in the pace of price increases. The prices paid index rose two points to 27.3, and the prices received index inched up one point to 8.0. Labor market conditions were mixed but continued to improve overall. The index for number of employees slipped three points to 13.6, suggesting a slight pullback in the pace of hiring. However, the average workweek index rose six points to 8.0, signaling a slight increase in hours worked.

## General Business Conditions

Seasonally Adjusted



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

## Increasingly Widespread Optimism

Despite the pullback in most of the survey's indexes for current conditions, optimism about the near-term outlook grew increasingly widespread. The index for future general business conditions climbed eighteen points to 46.8—its highest level in two-and-a-half years. The future new orders index surged twenty-five points to 50.4, and the future shipments index soared thirty points to 54.5. The index for expected number of employees rose six points to 22.7, and the future average workweek index edged up to zero. The capital expenditures index jumped nine points to 18.2, and the technology spending index inched up to 12.5. ■

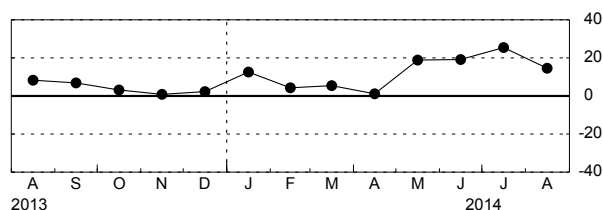
# Current Indicators

Change from Preceding Month

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	40.59	44.42	14.99	25.60
Aug	31.39	51.90	16.70	14.69

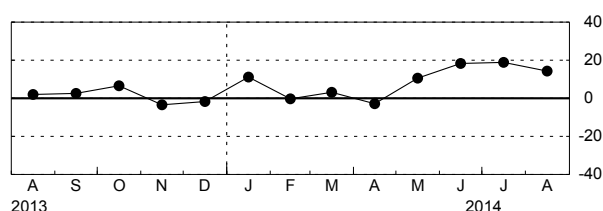
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	36.72	45.33	17.95	18.77
Aug	31.63	50.87	17.50	14.14

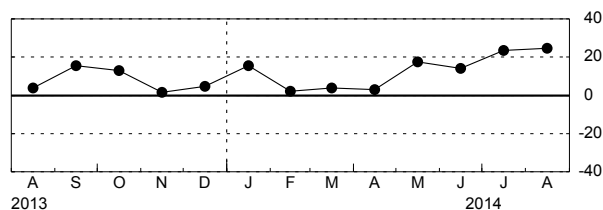
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	40.09	43.46	16.45	23.64
Aug	44.13	36.32	19.54	24.59

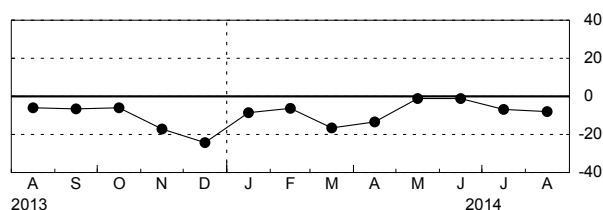
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	12.50	68.18	19.32	-6.82
Aug	11.36	69.32	19.32	-7.95

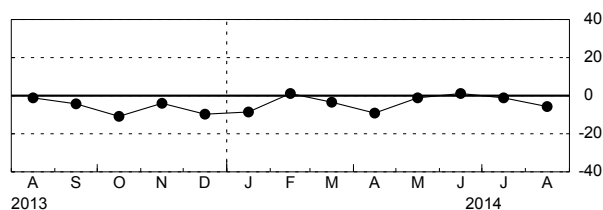
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	9.09	80.68	10.23	-1.14
Aug	9.09	76.14	14.77	-5.68

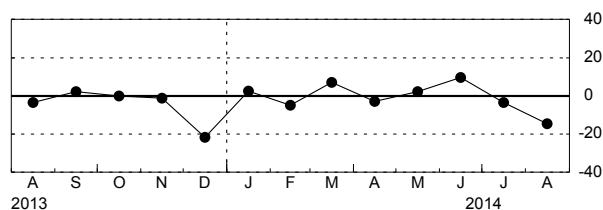
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	19.32	57.95	22.73	-3.41
Aug	12.50	60.23	27.27	-14.77

Inventories - Diffusion Index



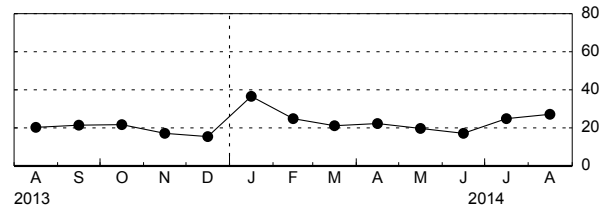
## Current Indicators, *continued*

### Change from Preceding Month

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	29.55	65.91	4.55	25.00
Aug	29.55	68.18	2.27	27.27

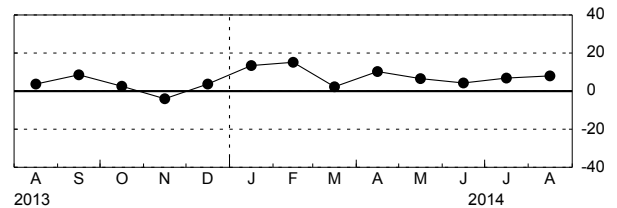
Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	13.64	79.55	6.82	6.82
Aug	15.91	76.14	7.95	7.95

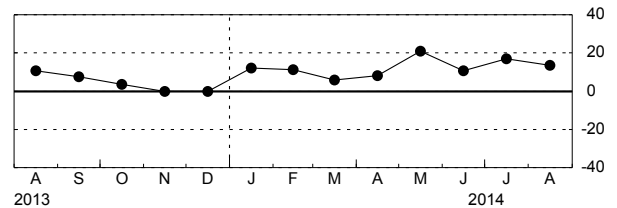
Prices Received - Diffusion Index



#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	23.86	69.32	6.82	17.05
Aug	19.32	75.00	5.68	13.64

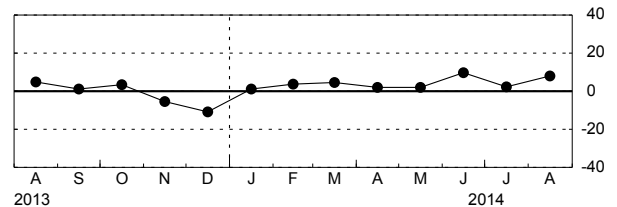
Number of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	13.64	75.00	11.36	2.27
Aug	13.64	80.68	5.68	7.95

Average Employee Workweek - Diffusion Index



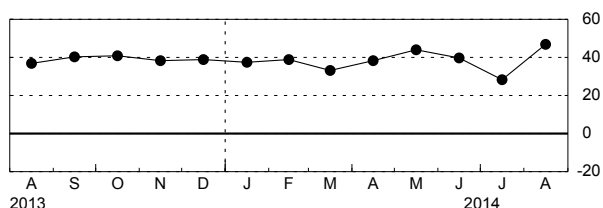
# Forward-Looking Indicators

Expectations Six Months Ahead

## General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	41.58	45.31	13.11	28.47
Aug	55.63	35.50	8.87	46.76

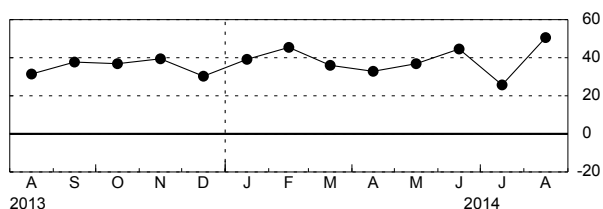
General Business Conditions - Diffusion Index



## New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	38.21	49.15	12.64	25.57
Aug	59.48	31.48	9.04	50.44

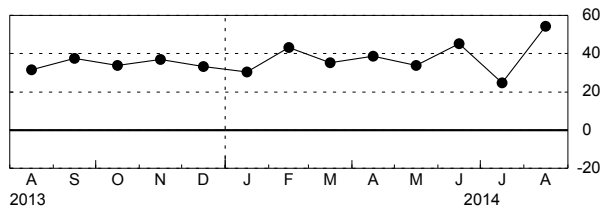
New Orders - Diffusion Index



## Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	36.92	50.76	12.33	24.59
Aug	62.62	29.24	8.14	54.48

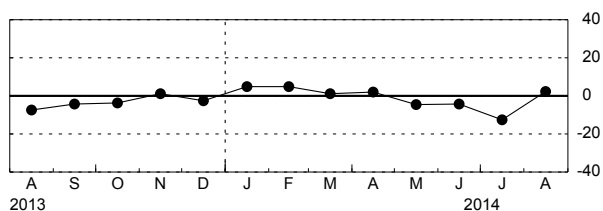
Shipments - Diffusion Index



## Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	6.82	73.86	19.32	-12.50
Aug	15.91	70.45	13.64	2.27

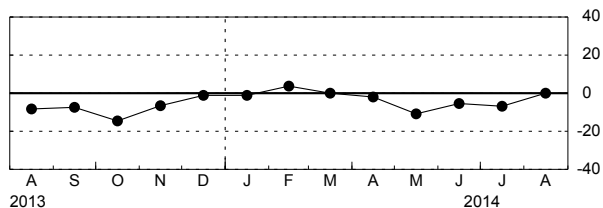
Unfilled Orders - Diffusion Index



## Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	6.82	79.55	13.64	-6.82
Aug	9.09	81.82	9.09	0.00

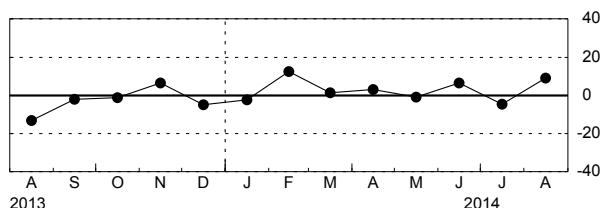
Delivery Time - Diffusion Index



## Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	19.32	56.82	23.86	-4.55
Aug	23.86	61.36	14.77	9.09

Inventories - Diffusion Index



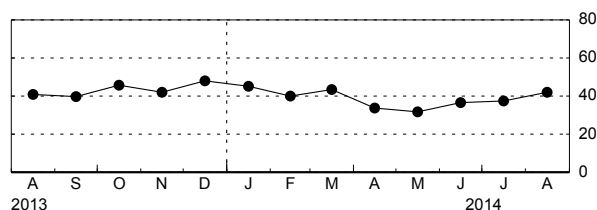
## Forward-Looking Indicators, *continued*

### Expectations Six Months Ahead

#### Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	42.05	53.41	4.55	37.50
Aug	46.59	48.86	4.55	42.05

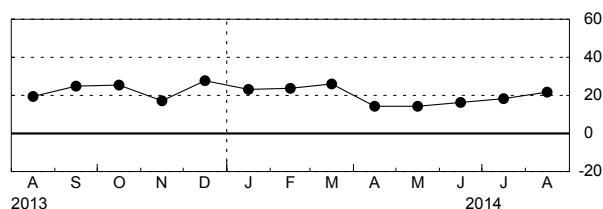
Prices Paid - Diffusion Index



#### Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	25.00	68.18	6.82	18.18
Aug	30.68	60.23	9.09	21.59

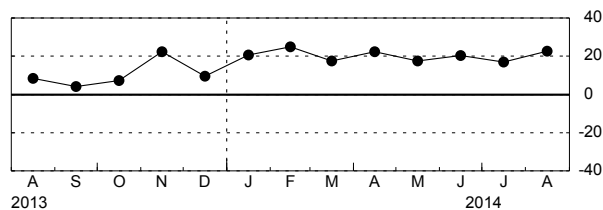
Prices Received - Diffusion Index



#### Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	27.27	62.50	10.23	17.05
Aug	30.68	61.36	7.95	22.73

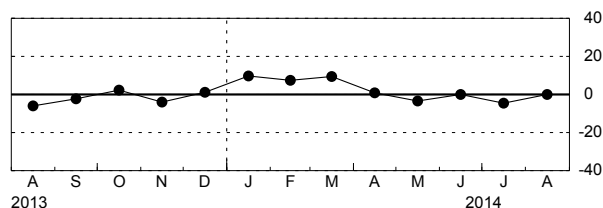
Number of Employees - Diffusion Index



#### Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	7.95	79.55	12.50	-4.55
Aug	12.50	75.00	12.50	0.00

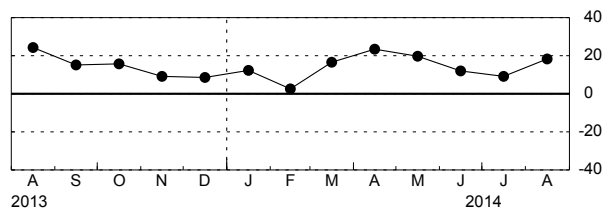
Average Employee Workweek - Diffusion Index



#### Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	25.00	59.09	15.91	9.09
Aug	28.41	61.36	10.23	18.18

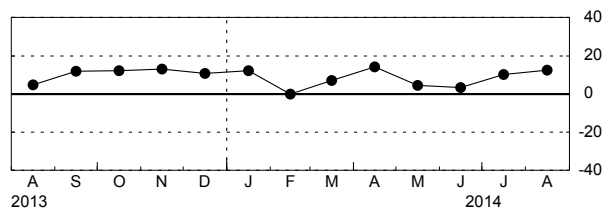
Capital Expenditures - Diffusion Index



#### Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	19.32	71.59	9.09	10.23
Aug	22.73	67.05	10.23	12.50

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.