

Empire State Manufacturing Survey

Business activity in New York State declined slightly this month, according to firms responding to the August 2016 *Empire State Manufacturing Survey*. The headline general business conditions index fell five points to -4.2. The new orders index remained near zero, a sign that orders were little changed, while the shipments index climbed eight points to 9.0, indicating that shipments rose. Labor market indicators pointed to little change in employment levels and hours worked. The prices paid index edged down to 15.5, suggesting that input price increases remained moderate, and at 2.1, the prices received index reflected a minute increase in selling prices. Forward-looking indicators suggested that firms expected conditions to improve over the next six months, although the level of optimism diminished for a second consecutive month.

Business Activity Wanes

Manufacturing firms in New York State reported a slight weakening of business activity in August. The general business conditions index moved lower for a second consecutive month, falling five points to -4.2. Twenty-six percent of respondents reported that conditions had improved over the month, while 30 percent reported that conditions had worsened. The new orders index rose three points to 1.0, suggesting that orders were little changed. The shipments index advanced eight points to 9.0, pointing to an increase in shipments. The unfilled orders index inched up to -9.3. The delivery time index fell to -4.1, signaling shorter delivery times, and the inventories index remained negative at -4.1, evidence that inventory levels were somewhat lower.

Labor Market Steadies

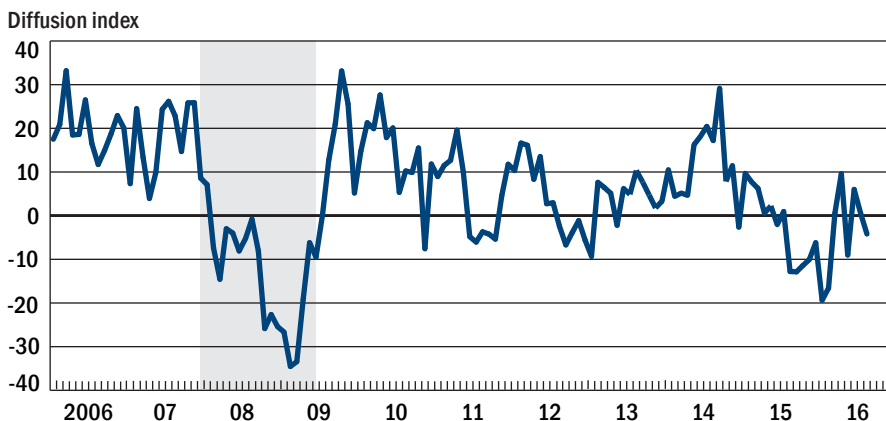
The employment index climbed three points to -1.0, indicating that employment levels were little changed, and the average workweek index rose to 2.1, pointing to a slight increase in hours worked. The prices paid index slipped three points but, at 15.5, indicated that input prices continued to rise at a moderate pace. The prices received index, at 2.1, suggested that selling prices moved slightly higher.

Conditions Expected to Improve, Though Firms Are Less Optimistic

Indexes for the six-month outlook revealed that respondents remained optimistic about future conditions, though to a lesser extent than in July. The index for future business conditions fell for a second consecutive month, dropping six points to 23.7. Indexes for future new orders and shipments also edged lower. Indexes for future employment and the average workweek were below zero, suggesting that firms expected employment and hours worked to decline in the months ahead. The capital expenditures index fell to 4.1, and the technology spending index retreated to 5.2. ■

General Business Conditions

Seasonally Adjusted



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

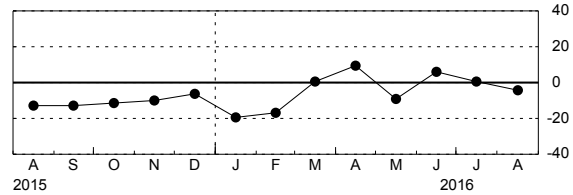
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	30.75	39.04	30.20	0.55
Aug	25.54	44.71	29.75	-4.21

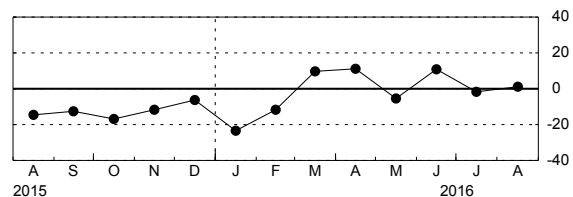
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	28.98	40.22	30.80	-1.82
Aug	29.37	42.30	28.33	1.04

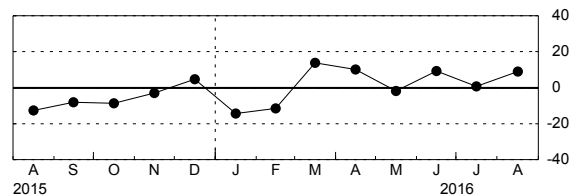
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	34.10	32.49	33.41	0.70
Aug	33.95	41.12	24.93	9.01

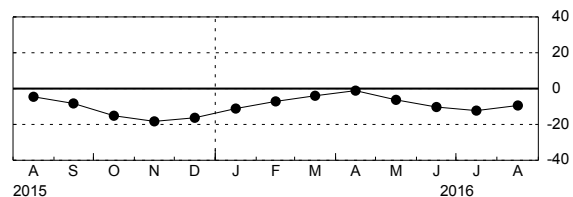
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	13.19	61.54	25.27	-12.09
Aug	13.40	63.92	22.68	-9.28

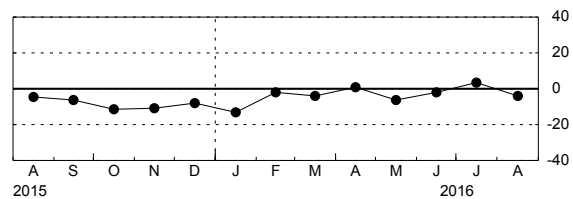
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	12.09	79.12	8.79	3.30
Aug	6.19	83.51	10.31	-4.12

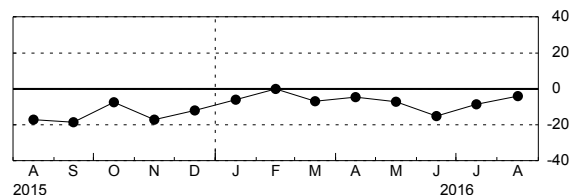
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	19.78	51.65	28.57	-8.79
Aug	20.62	54.64	24.74	-4.12

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	23.08	72.53	4.40	18.68
Aug	18.56	78.35	3.09	15.46

Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	10.99	79.12	9.89	1.10
Aug	7.22	87.63	5.15	2.06

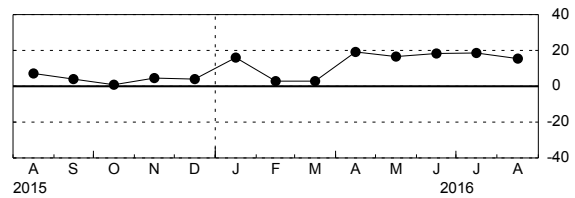
Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	10.99	73.63	15.38	-4.40
Aug	15.46	68.04	16.49	-1.03

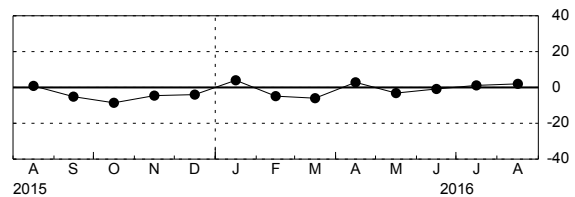
Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	12.09	70.33	17.58	-5.49
Aug	11.34	79.38	9.28	2.06

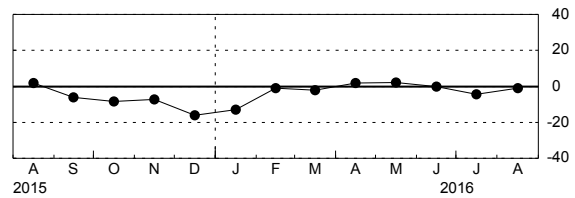
Prices Paid - Diffusion Index



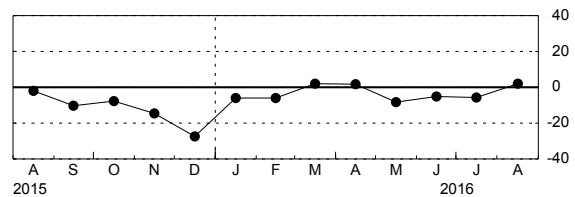
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



Note: Data are seasonally adjusted.

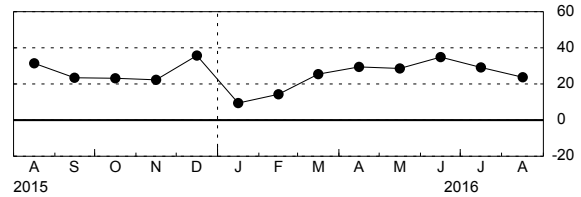
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	45.53	38.19	16.28	29.24
Aug	41.72	40.30	17.98	23.74

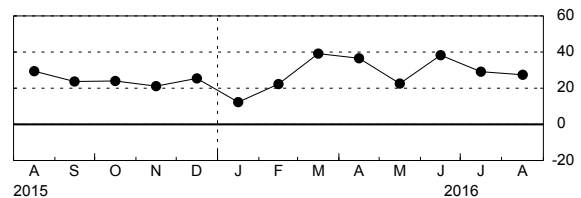
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	45.68	37.70	16.62	29.05
Aug	44.54	38.29	17.17	27.37

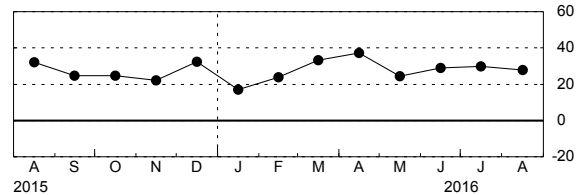
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	46.38	37.09	16.54	29.84
Aug	44.43	39.08	16.49	27.95

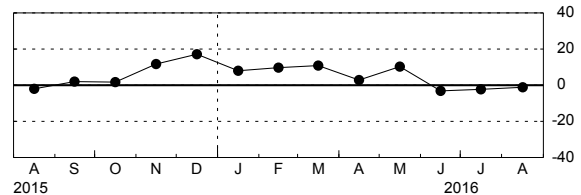
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	13.19	71.43	15.38	-2.20
Aug	16.49	65.98	17.53	-1.03

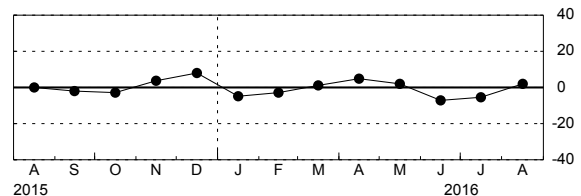
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	6.59	81.32	12.09	-5.49
Aug	9.28	83.51	7.22	2.06

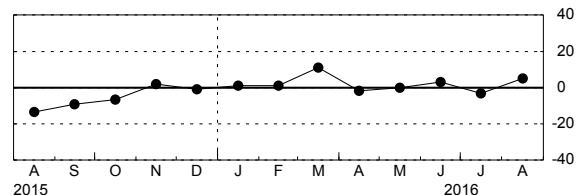
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	21.98	52.75	25.27	-3.30
Aug	26.80	51.55	21.65	5.15

Inventories - Diffusion Index



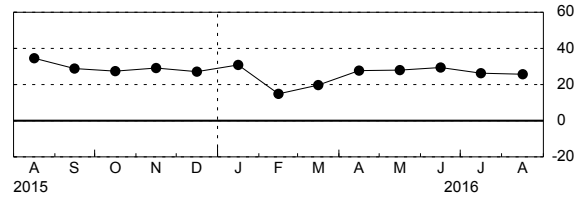
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	31.87	62.64	5.49	26.37
Aug	29.90	65.98	4.12	25.77

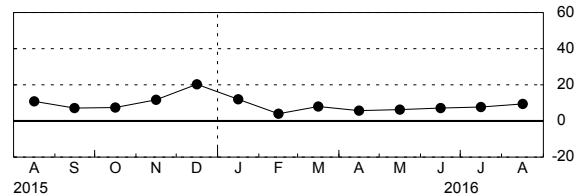
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	17.58	72.53	9.89	7.69
Aug	16.49	76.29	7.22	9.28

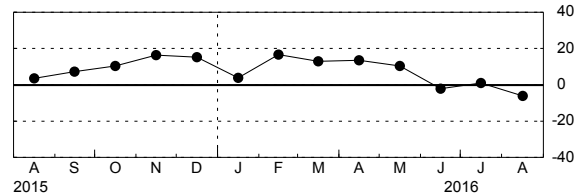
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	23.08	54.95	21.98	1.10
Aug	13.40	67.01	19.59	-6.19

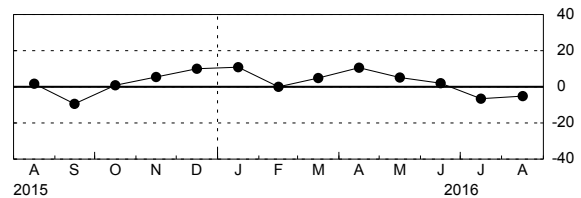
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	10.99	71.43	17.58	-6.59
Aug	10.31	74.23	15.46	-5.15

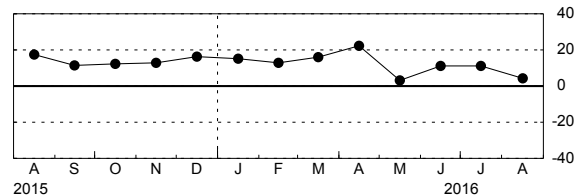
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	25.27	60.44	14.29	10.99
Aug	22.68	58.76	18.56	4.12

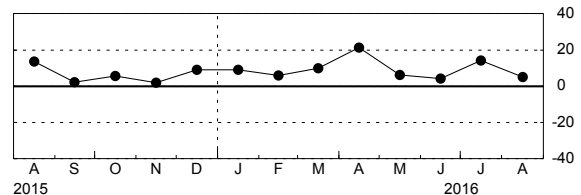
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jul	25.27	63.74	10.99	14.29
Aug	15.46	74.23	10.31	5.15

Technology Spending - Diffusion Index



Note: Data are seasonally adjusted.