

Supplemental Survey Report

Selling Prices Expected to Rise 2 Percent in the Year Ahead

The supplementary questions to the May 2017 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on past and expected changes in both the prices firms pay for inputs and the prices they charge their customers. The same set of questions had previously been asked in surveys conducted in June 2016 and each May from 2008 to 2015.

The median respondent in the manufacturing survey indicated that *prices paid for inputs* have risen by 3.0 percent over the past twelve months—up from 2.0 percent in last year’s survey. Among service-sector firms, the median response was a rise of 2.0 percent, which matched last June’s figure. In assessing changes in their *selling prices* over the past year, the median respondent in both groups reported an increase

of just 1½ percent. In last June’s survey, the median response was 1.0 percent among manufacturers and 2.0 percent among service firms.

Looking ahead to the next twelve months, firms in both surveys did not anticipate any substantial changes. The median respondent in both surveys expected *input prices* to rise 3.0 percent, which was a bit higher than had been expected in last year’s survey. Insofar as *selling prices* go, the median expected increase was 2.0 percent, among both manufacturers and service-sector firms—the same as had been anticipated in last year’s survey.

Regarding the perceived probabilities of various price scenarios, manufacturing respondents, on average, estimated a 53 percent chance that prices paid would rise by at least 2 percent and

saw a nearly 10 percent chance of a rise of 8 percent or more. Manufacturers saw a roughly 5 percent chance that prices would fall by at least 2 percent. Responses from service-sector panelists were almost identical.

Finally, manufacturers, on average, saw a 6 percent chance that they would raise their selling prices by 8 percent or more and a 45 percent chance that they would raise prices by at least 2 percent. Among service firms, the corresponding probabilities were very similar: 6 percent and 42 percent, respectively. At the other end of the spectrum, the average manufacturing respondent reported a 7 percent chance that prices received would fall 2 percent or more (down from 11 percent in last June’s survey), while the average service-sector firm reported a 9 percent chance—about the same as in the earlier survey. ■

Supplemental Survey Report, *continued*

QUESTION 1

By what percentage have your input and selling prices changed over the *past* twelve months?

	May 2017		June 2016	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	3.0	2.0	2.0	2.0
Your selling prices	1.5	1.5	1.0	2.0

QUESTION 2

By what percentage do you expect your input and selling prices to change over the *next* twelve months?

	May 2017		June 2016	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Median Percentage Change		Median Percentage Change	
The prices you pay (input prices)	3.0	3.0	2.0	2.5
Your selling prices	2.0	2.0	2.0	2.0

Supplemental Survey Report, *continued*

QUESTION 3

What would you say is the percentage chance that, over the next 12 months, the prices you pay will ...

	May 2017		June 2016	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Average Percentage Chance of Specified Price Change*		Average Percentage Chance of Specified Price Change*	
Increase 8 percent or more	9.6	9.0	7.8	9.3
Increase 2 to 8 percent	43.4	43.1	41.5	37.7
Stay within 2 percent of current levels	41.6	43.0	44.9	46.8
Decrease 2 to 8 percent	4.3	4.1	4.6	4.6
Decrease 8 percent or more	1.1	0.8	1.1	1.5

QUESTION 4

What would you say is the percentage chance that, over the next twelve months, your selling prices will ...

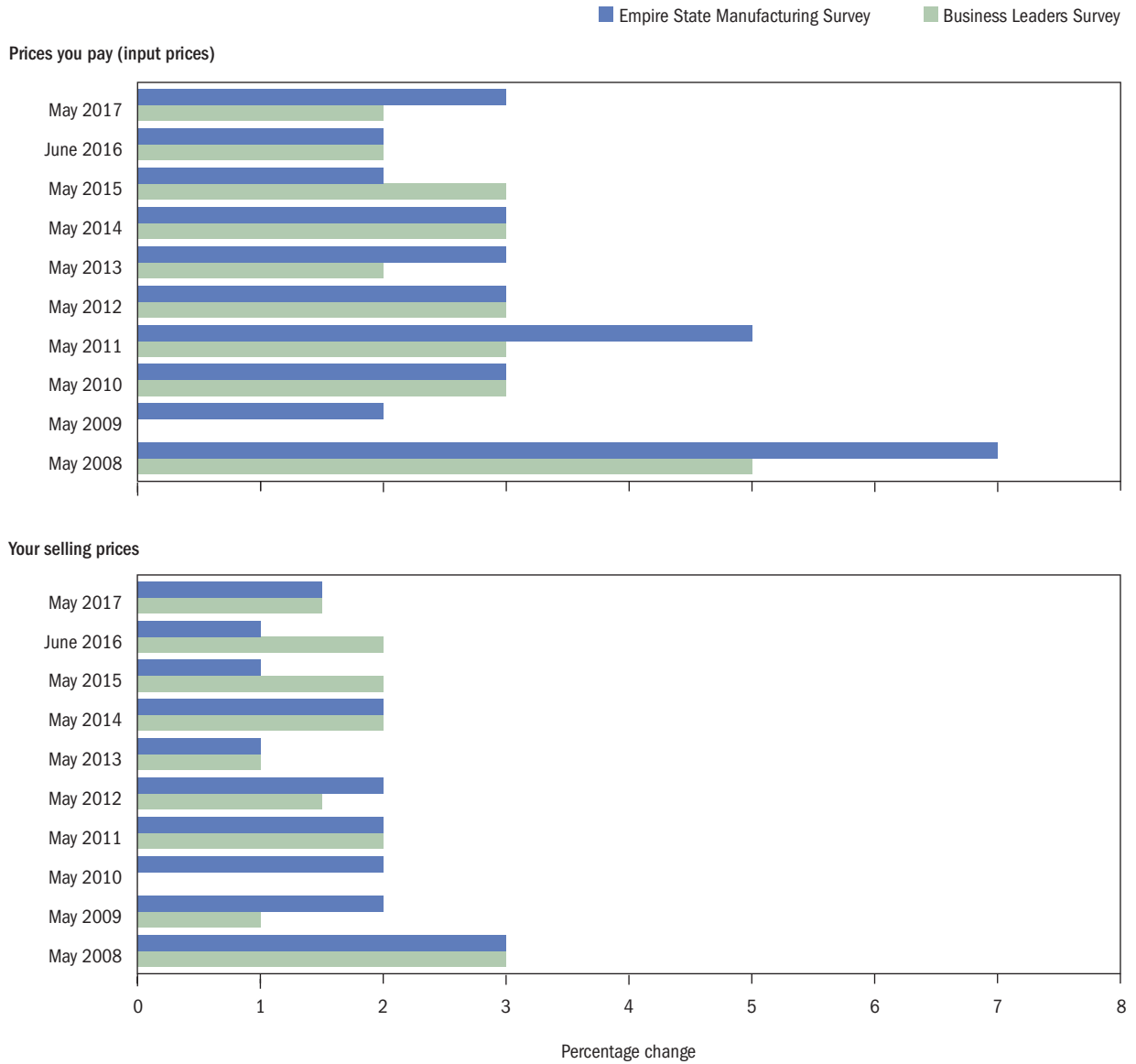
	May 2017		June 2016	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
	Average Percentage Chance of Specified Price Change*		Average Percentage Chance of Specified Price Change*	
Increase 8 percent or more	5.8	6.0	5.7	6.9
Increase 2 to 8 percent	38.8	36.1	34.8	37.7
Stay within 2 percent of current levels	48.5	49.5	48.1	47.5
Decrease 2 to 8 percent	5.8	7.2	10.6	5.9
Decrease 8 percent or more	1.1	1.2	0.8	2.0

*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values reported reflect the average indicated percentage chance across all respondents.

Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 1

By what percentage have your input and selling prices changed over the *past* twelve months?



Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 2

By what percentage do you expect your input and selling prices to change over the *next* twelve months?

