

December 2004

Empire State Manufacturing

Survey

For release: December 15, 2004 8:30 a.m.

Summary

The Empire State Manufacturing Survey indicates that conditions for New York manufacturers improved at a somewhat accelerated pace in December. The general business conditions index rose from 18.9 to 29.9. The indexes for new orders and shipments rose sharply, achieving their highest levels since late spring, and the unfilled orders index turned positive. Price indexes remained elevated. The number of employees index was positive and more than 10 points higher than in November, while the average workweek index hovered near zero. Future indexes, while somewhat lower than last month, showed considerable optimism.

Indicators Improve Markedly

Indicators turned significantly higher in December. The general business conditions index rose 11 points, to 29.9, after hovering near 20 in October and November. The improvement stemmed primarily from a decrease in the percentage of respondents reporting that conditions had worsened—from 17 percent last month to 10 percent this month—while the percentage reporting improved conditions rose from 36 percent to 40 percent. The new orders index surged to 40.1, a rise of nearly 25 points. The percentage of respondents reporting an increase in orders advanced from 37 percent to 49 percent, while those reporting a decrease fell from 20 percent to 9 percent. The shipments index also rose dramatically, from 21.5 to 38.4, with 49 percent of respondents reporting an increase in shipments. After two consecutive months of negative readings, the unfilled orders index turned positive and advanced to 10.4.

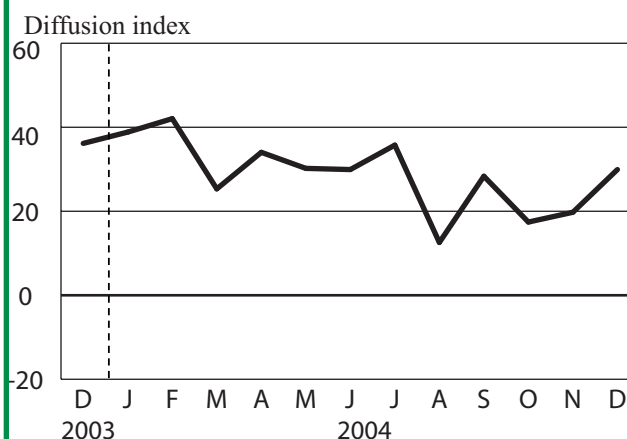
The delivery time index, after dipping below zero in November, returned to positive territory, with 16 percent reporting longer delivery times. The inventories index was slightly above zero at 1.9.

Prices and Employment Continue to Rise

Price indexes remained near the levels they held for much of the past year. The prices paid index rose slightly, to 57.7, with nearly 60 percent of respondents paying higher prices and only 1 percent paying lower prices. The prices received index fell slightly but remained positive at 15.4, with 25 percent receiving higher prices.

Employment indexes were mixed. The number of employees index rose more than 10 points, to 21.9. Driving this increase was a rise in the percentage of respondents reporting higher

General Business Conditions



employment levels, from 26 percent last month to 37 percent in December, while the percentage reporting a decline in employment held steady at about 15 percent. The average workweek index was just slightly above zero, as it was last month.

Favorable Conditions and Higher Prices Expected to Continue

Future indexes continued to convey strong optimism, but fell modestly from last month. The future general business conditions index fell to 47.8, with 56 percent of respondents expecting conditions to improve over the next six months. The future indexes for new orders and shipments were both around 40, roughly 10 points below last month's levels; about 55 percent of respondents expected both measures to be higher in six months. The future unfilled orders index fell to 6.5. The future prices paid index reached a record-high 62.5, with 67 percent expecting higher prices, while the future prices received index, at 26.0, was close to last month's level. The future index for number of employees was 21.7, with nearly 40 percent of respondents expecting to have more employees in six months, while the future average workweek index dipped to 3.2. The capital expenditures index dipped slightly to 26.0.

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.

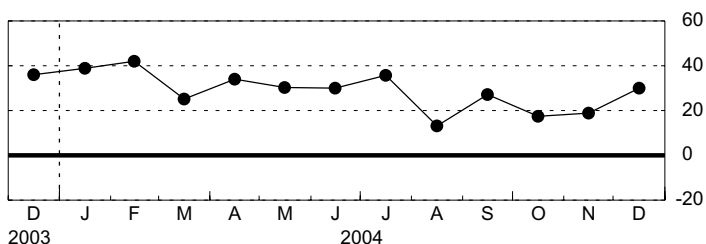
Empire State Manufacturing Survey, December 2004

Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	36.26	46.34	17.40	18.86
Dec	40.03	49.87	10.10	29.93

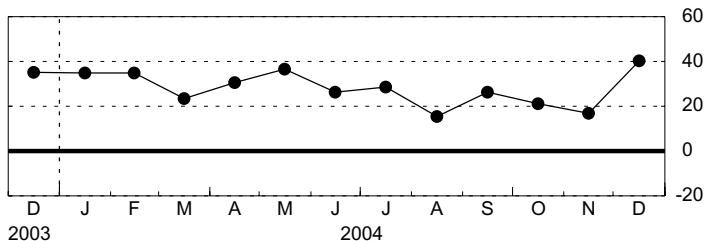
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	37.07	42.79	20.15	16.92
Dec	48.96	42.24	8.81	40.15

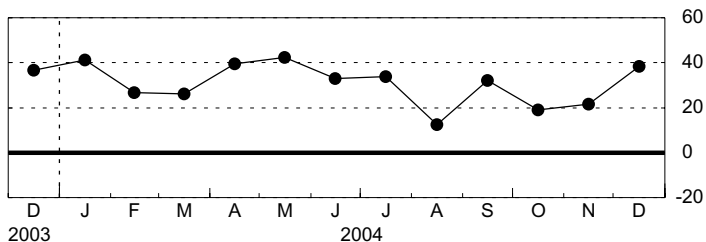
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	37.85	45.82	16.33	21.51
Dec	49.03	40.39	10.58	38.44

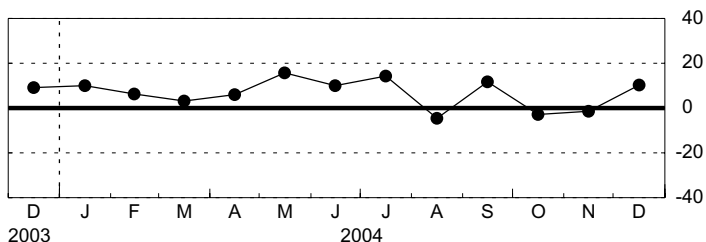
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	21.42	55.77	22.81	-1.40
Dec	21.71	67.01	11.28	10.43

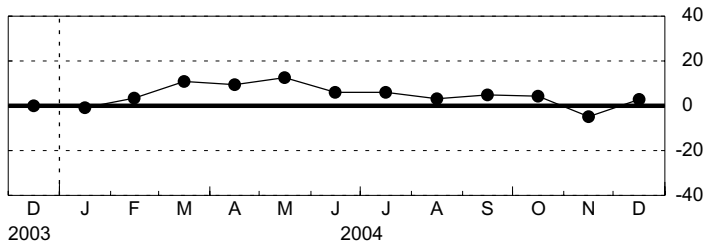
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	10.83	73.33	15.83	-5.00
Dec	14.42	74.04	11.54	2.88

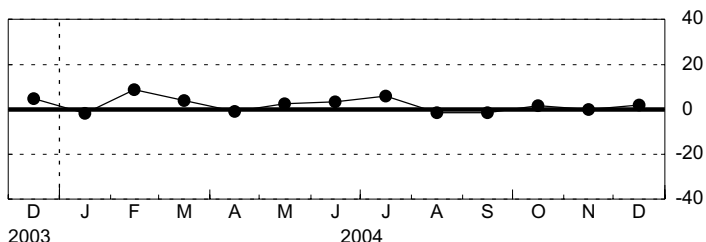
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	20.00	60.00	20.00	0.00
Dec	25.96	50.00	24.04	1.92

Inventories - Diffusion Index



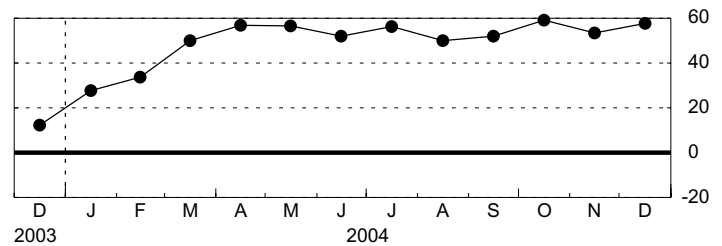
Empire State Manufacturing Survey, December 2004

Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	55.00	43.33	1.67	53.33
Dec	58.65	40.38	0.96	57.69

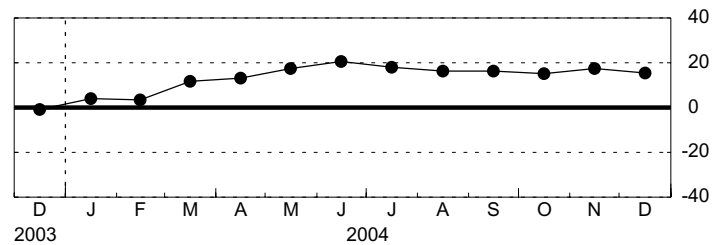
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	23.33	70.83	5.83	17.50
Dec	25.00	65.38	9.62	15.38

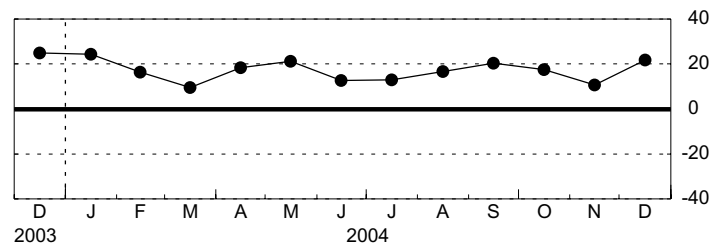
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	26.45	57.72	15.83	10.62
Dec	37.32	47.29	15.38	21.94

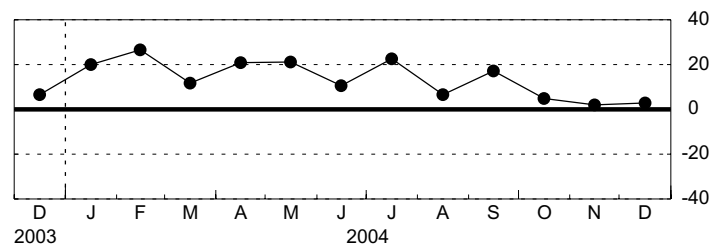
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	17.19	67.81	15.00	2.19
Dec	16.31	70.23	13.46	2.84

Average Employee Workweek - Diffusion Index

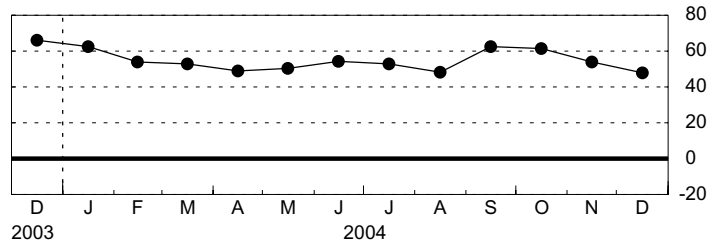


Empire State Manufacturing Survey, December 2004, Expectations Six Months Ahead Seasonally Adjusted

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	61.95	29.96	8.09	53.86
Dec	55.55	36.66	7.79	47.76

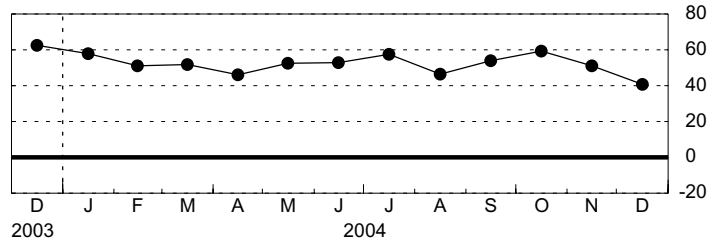
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	60.43	30.22	9.35	51.09
Dec	54.15	32.32	13.53	40.62

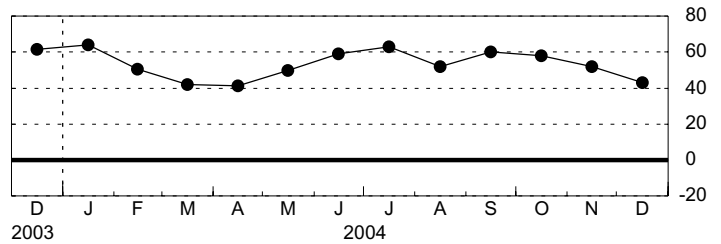
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	60.20	31.63	8.17	52.04
Dec	56.56	29.79	13.65	42.91

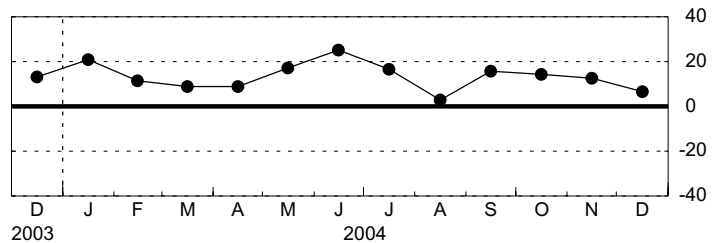
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	25.70	61.13	13.17	12.53
Dec	20.67	65.21	14.12	6.55

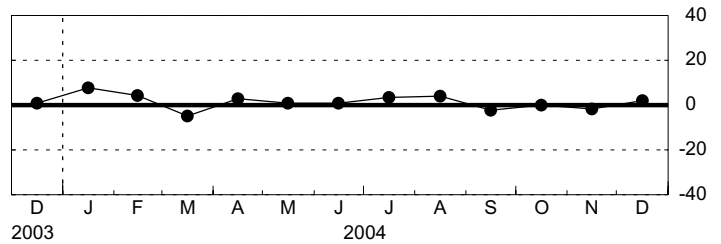
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	10.83	76.67	12.50	-1.67
Dec	15.38	71.15	13.46	1.92

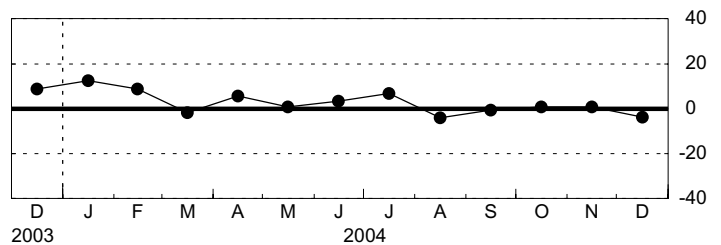
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	28.33	44.17	27.50	0.83
Dec	25.96	44.23	29.81	-3.85

Inventories - Diffusion Index

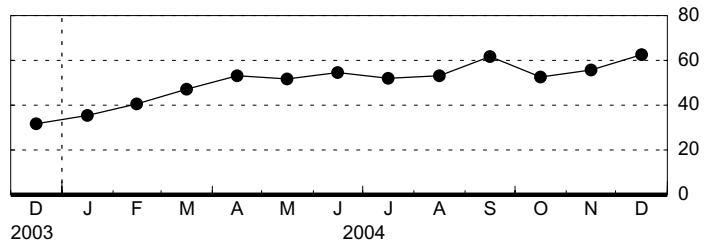


Empire State Manufacturing Survey, December 2004, Expectations Six Months Ahead Seasonally Adjusted

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	60.00	35.83	4.17	55.83
Dec	67.31	27.88	4.81	62.50

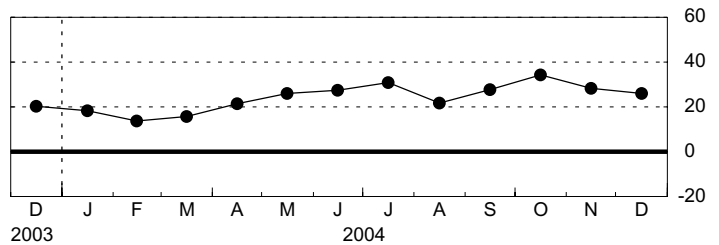
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	40.83	46.67	12.50	28.33
Dec	43.27	39.42	17.31	25.96

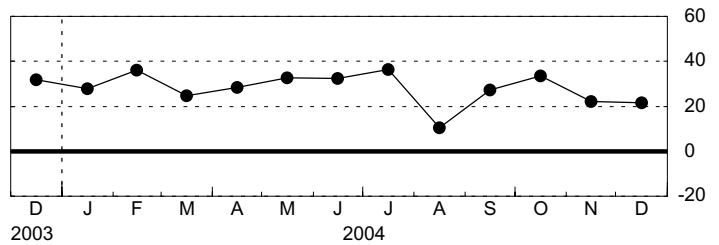
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	34.17	53.86	11.97	22.19
Dec	38.46	44.76	16.78	21.68

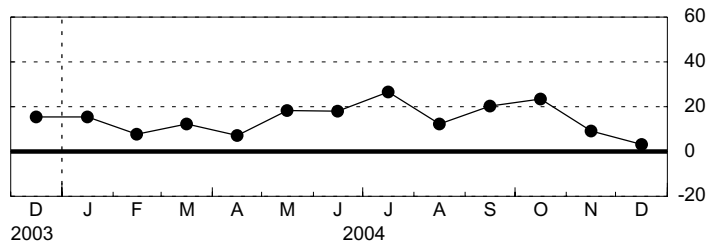
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	18.14	72.83	9.02	9.12
Dec	17.45	68.34	14.21	3.23

Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Nov	42.50	44.17	13.33	29.17
Dec	35.58	54.81	9.62	25.96

Capital Expenditures - Diffusion Index

