

Empire State Manufacturing Survey

The July 2014 *Empire State Manufacturing Survey* indicates that business conditions improved significantly for a third consecutive month for New York manufacturers. The headline general business conditions index climbed six points to 25.6, its highest level in more than four years. The new orders index was little changed at 18.8, while the shipments index rose nine points to 23.6; both indexes were at multiyear highs. The unfilled orders index fell six points to -6.8. The indexes for both prices paid and prices received were higher this month, indicating a pickup in the pace of price increases. Labor market conditions continued to improve, with indexes pointing to a solid increase in employment levels and a slight increase in hours worked. Although many of the indexes for the six-month outlook were

significantly lower, conditions overall were expected to continue improving in the months ahead.

General Business Conditions Index Reaches Four-Year High

Business conditions improved significantly for a third consecutive month for New York manufacturers, according to the July 2014 survey. The general business conditions index advanced six points to 25.6, a four-year high. Forty-one percent of respondents reported that conditions had improved over the month, while 15 percent reported that conditions had worsened. The new orders index held at 18.8, and the shipments index rose nine points to 23.6; both of these indexes were at their highest levels since early 2010.

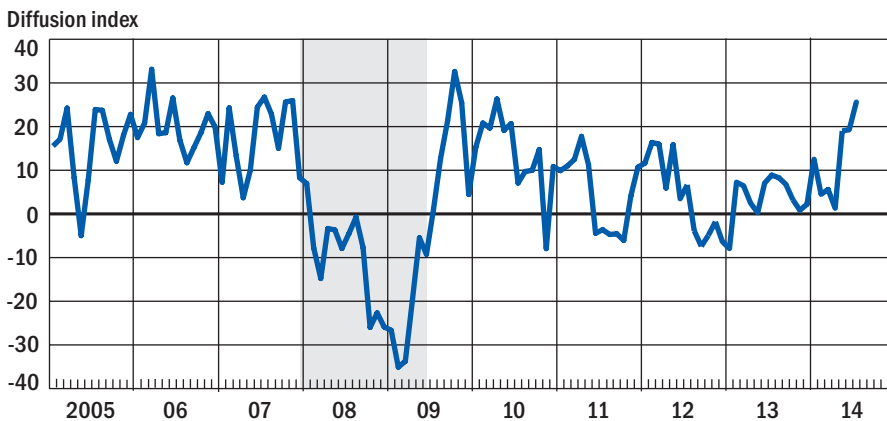
The unfilled orders index dropped six points to -6.8, suggesting that fewer orders remained unfilled. The delivery time index fell two points to -1.1, and the inventories index fell thirteen points to -3.4, pointing to a small decline in inventory levels.

A Solid Increase in Employment

Both price indexes climbed this month, and suggested that the pace of price increases had accelerated. The prices paid index rose eight points to 25.0, and the prices received index inched up three points to 6.8. Labor market conditions continued to improve. The index for number of employees climbed six points to 17.0, a level which indicated a solid increase in employment levels. The average workweek index retreated seven points to 2.3, and pointed to 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.

Level of Optimism Falls

Despite the steep gains in many of the survey's indexes for current conditions, optimism about future conditions, while still fairly strong, diminished. The index for future general business conditions fell eleven points to 28.5. The future new orders index dropped nine points to 25.6, and the future shipments index tumbled twenty-one points to 24.6. The index for expected number of employees fell three points to 17.1, and the future average workweek index turned slightly negative. The capital expenditures index fell three points to 9.1, and the technology spending index rose seven points to 10.2. ■

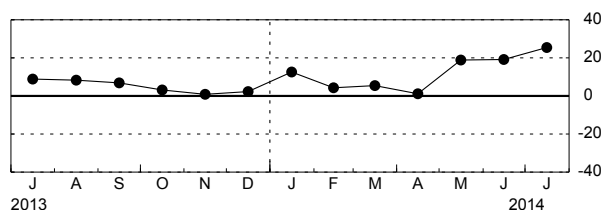
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	40.40	38.47	21.13	19.28
Jul	40.59	44.42	14.99	25.60

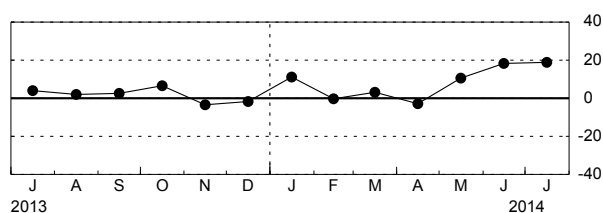
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	40.67	37.02	22.31	18.36
Jul	36.72	45.33	17.95	18.77

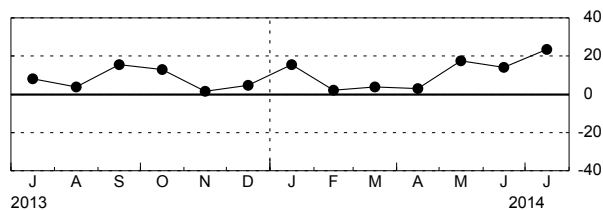
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	35.16	43.82	21.02	14.15
Jul	40.09	43.46	16.45	23.64

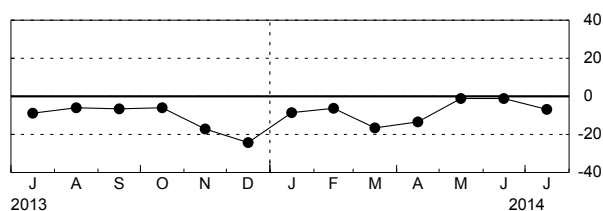
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	15.05	68.82	16.13	-1.08
Jul	12.50	68.18	19.32	-6.82

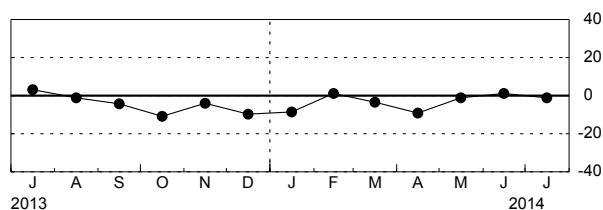
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	11.83	77.42	10.75	1.08
Jul	9.09	80.68	10.23	-1.14

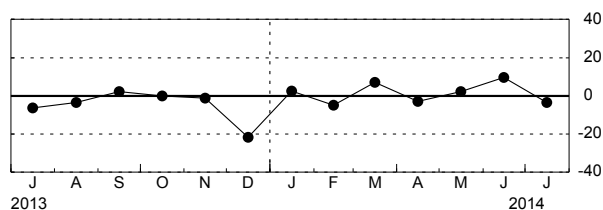
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	26.88	55.91	17.20	9.68
Jul	19.32	57.95	22.73	-3.41

Inventories - Diffusion Index



Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	21.51	74.19	4.30	17.20
Jul	29.55	65.91	4.55	25.00

Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	12.90	78.49	8.60	4.30
Jul	13.64	79.55	6.82	6.82

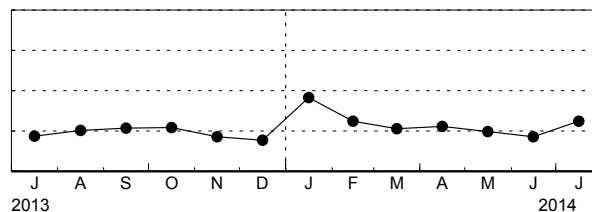
Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	21.51	67.74	10.75	10.75
Jul	23.86	69.32	6.82	17.05

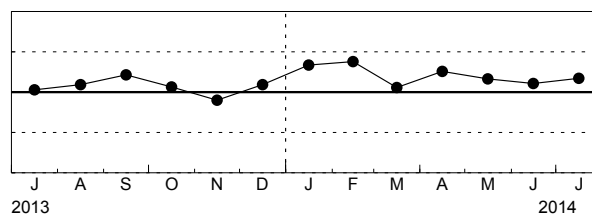
Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	15.05	79.57	5.38	9.68
Jul	13.64	75.00	11.36	2.27

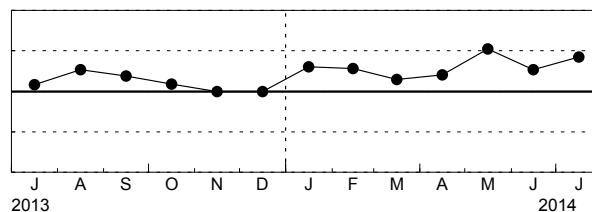
Prices Paid - Diffusion Index



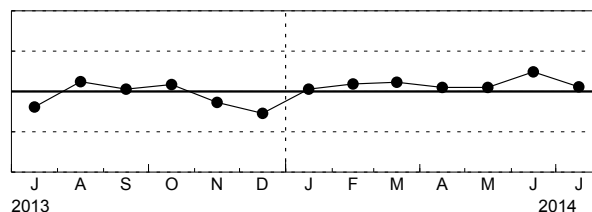
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



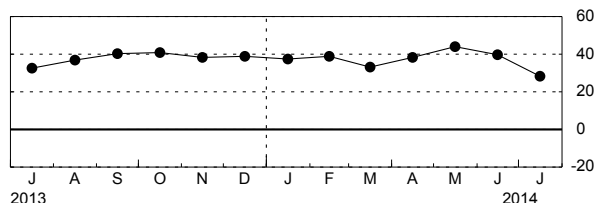
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	52.27	35.30	12.43	39.84
Jul	41.58	45.31	13.11	28.47

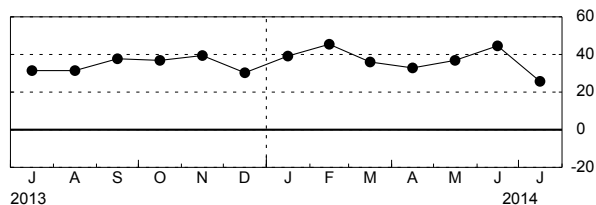
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	55.36	33.80	10.84	44.52
Jul	38.21	49.15	12.64	25.57

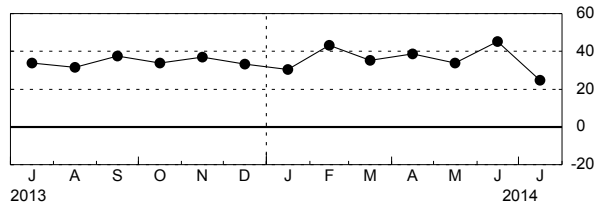
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	56.15	32.84	11.01	45.15
Jul	36.92	50.76	12.33	24.59

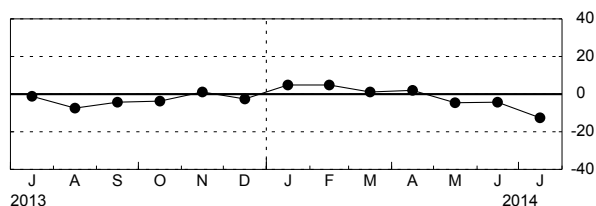
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	12.90	69.89	17.20	-4.30
Jul	6.82	73.86	19.32	-12.50

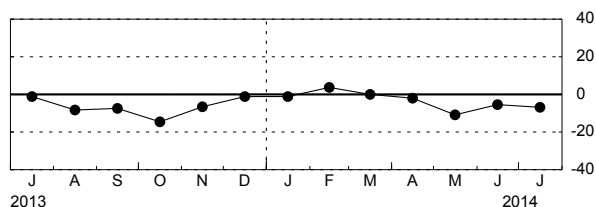
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	12.90	68.82	18.28	-5.38
Jul	6.82	79.55	13.64	-6.82

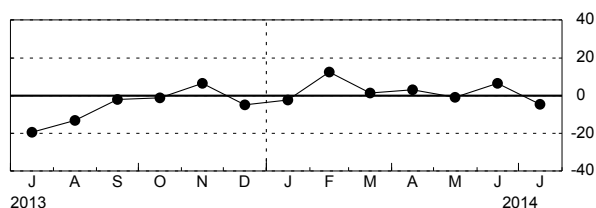
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	26.88	52.69	20.43	6.45
Jul	19.32	56.82	23.86	-4.55

Inventories - Diffusion Index



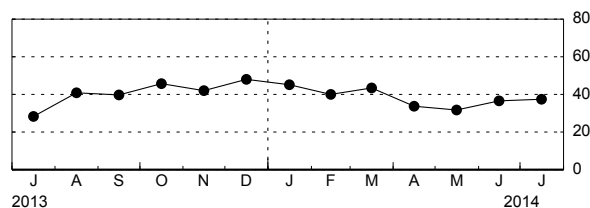
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	39.78	56.99	3.23	36.56
Jul	42.05	53.41	4.55	37.50

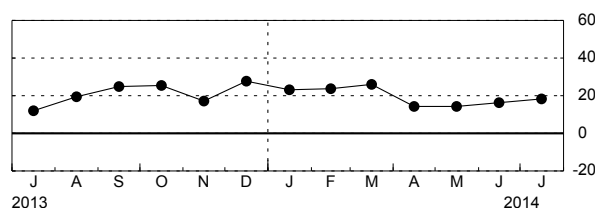
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	23.66	68.82	7.53	16.13
Jul	25.00	68.18	6.82	18.18

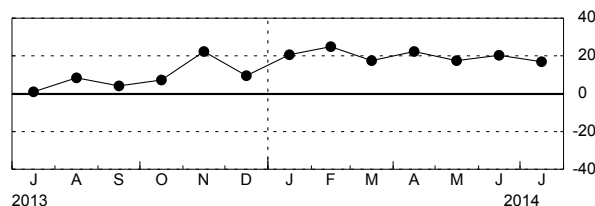
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	34.41	51.61	13.98	20.43
Jul	27.27	62.50	10.23	17.05

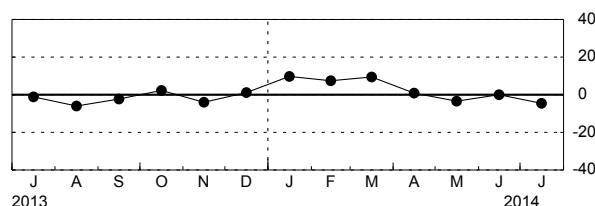
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	13.98	72.04	13.98	0.00
Jul	7.95	79.55	12.50	-4.55

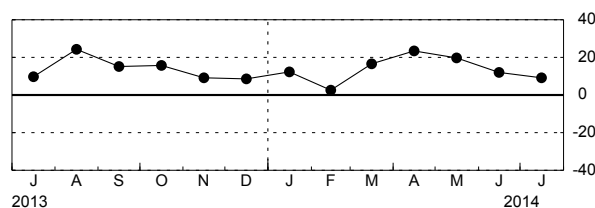
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	25.81	60.22	13.98	11.83
Jul	25.00	59.09	15.91	9.09

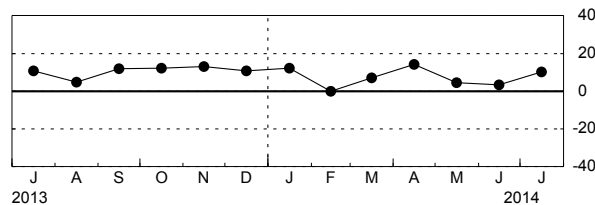
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	17.20	68.82	13.98	3.23
Jul	19.32	71.59	9.09	10.23

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.