

Empire State Manufacturing Survey

The January 2016 *Empire State Manufacturing Survey* indicates that business activity declined for New York manufacturers at the fastest pace since the Great Recession. The headline general business conditions index fell thirteen points to -19.4. The new orders and shipments indexes plummeted, indicating a steep decline in both orders and shipments. Price indexes suggested that both input prices and selling prices increased. Labor market conditions continued to deteriorate, with employment indexes remaining in negative territory. The six-month outlook was noticeably weaker, with the index for future general business conditions falling to its lowest level since early 2009.

Business Conditions at Their Worst since the Great Recession

Business activity declined for New York manufacturing firms more sharply than at any time since the 2007-09 recession, according to the January 2016 survey. The general business conditions index remained below zero for a sixth consecutive month, dropping thirteen points to -19.4, its lowest level since early 2009. The new orders index plunged seventeen points to -23.5, indicating a substantial decline in orders. After rising above zero last month, the shipments index retreated nineteen points to -14.4—evidence of a sizable drop in shipments. The unfilled orders index advanced five points to -11.0, and the delivery time index fell

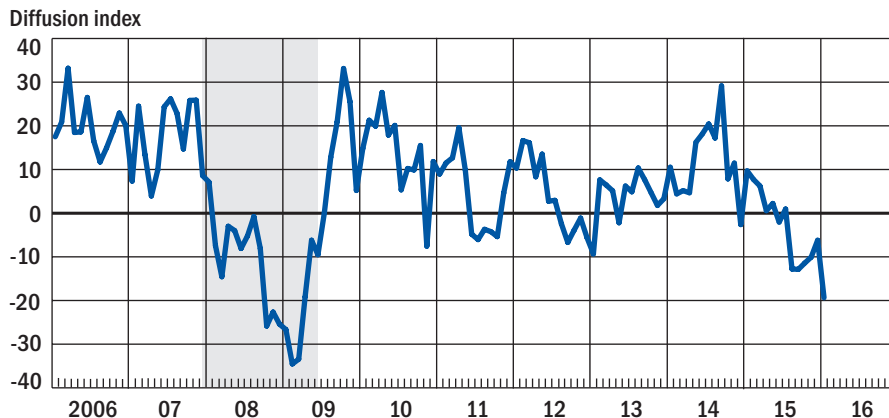
five points to -13.0, signaling shorter delivery times. The inventories index, up six points to -6.0, suggested that the reduction in inventory levels was continuing, although at a slower pace than last month.

Price Increases Resume

The indexes for both prices paid and prices received were positive, the first such occurrence since August 2015. The prices paid index climbed twelve points to 16.0—the fastest rise in input prices since early last year. After declining for the prior four months, selling prices increased slightly, with the prices received index rising eight points to 4.0. Labor market conditions continued to deteriorate. The index for number of employees was negative for a fifth consecutive month, though it edged up three points to -13.0. After posting a steep decline last month, the average workweek index moved up, but it remained negative at -6.0.

General Business Conditions

Seasonally Adjusted



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

Optimism Plummet

Indexes for the six-month outlook fell sharply this month, suggesting that optimism about future business conditions weakened considerably. The index for future business conditions plunged twenty-six points to 9.5, its lowest level since 2009. The indexes for future new orders and future shipments also fell sharply. Only small improvements in labor market conditions were expected in the months ahead, with the index for expected number of employees falling to 4.0. The capital expenditures index held steady at 15.0, and the technology spending index was unchanged at 9.0. ■

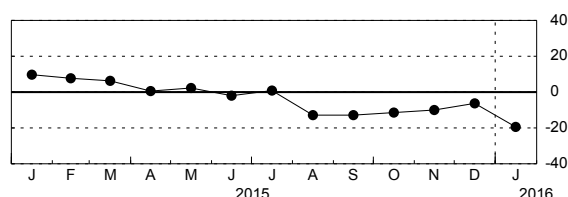
Current Indicators

Change from Preceding Month

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	22.88	48.03	29.09	-6.21
Jan	19.38	41.86	38.75	-19.37

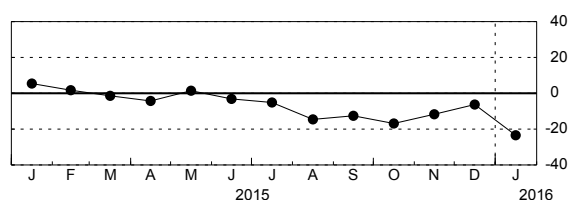
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	25.30	43.23	31.47	-6.18
Jan	22.53	31.40	46.07	-23.54

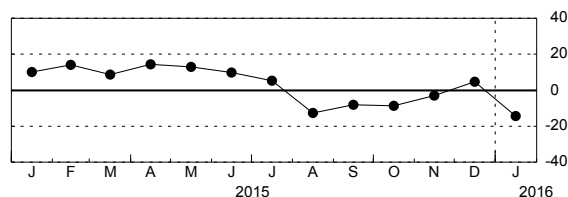
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	30.94	42.73	26.32	4.62
Jan	27.73	30.15	42.12	-14.39

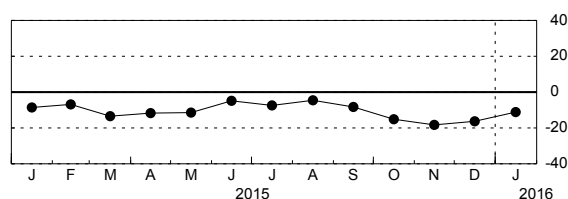
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	7.07	69.70	23.23	-16.16
Jan	14.00	61.00	25.00	-11.00

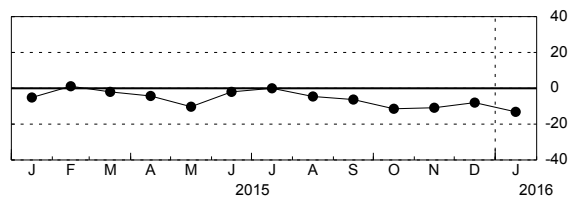
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	7.07	77.78	15.15	-8.08
Jan	6.00	75.00	19.00	-13.00

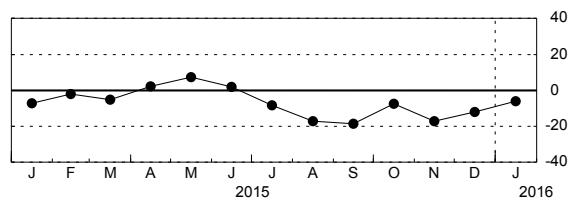
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	21.21	45.45	33.33	-12.12
Jan	19.00	56.00	25.00	-6.00

Inventories - Diffusion Index



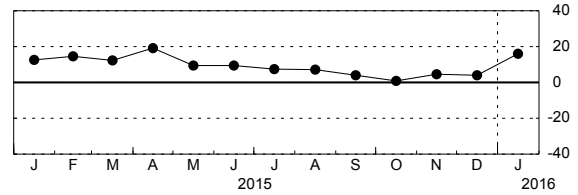
Current Indicators, *continued*

Change from Preceding Month

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	14.14	75.76	10.10	4.04
Jan	22.00	72.00	6.00	16.00

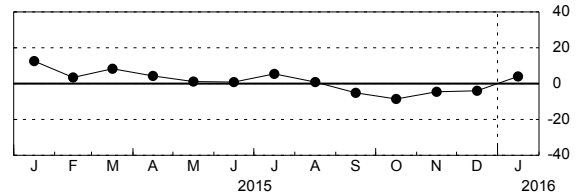
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	6.06	83.84	10.10	-4.04
Jan	14.00	76.00	10.00	4.00

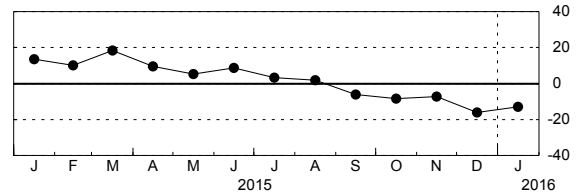
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	5.05	73.74	21.21	-16.16
Jan	13.00	61.00	26.00	-13.00

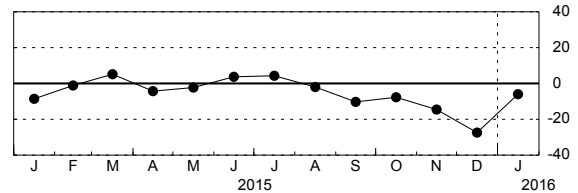
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	3.03	66.67	30.30	-27.27
Jan	14.00	66.00	20.00	-6.00

Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

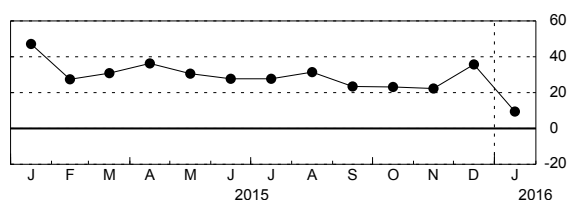
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	51.91	31.82	16.27	35.65
Jan	43.70	22.11	34.19	9.51

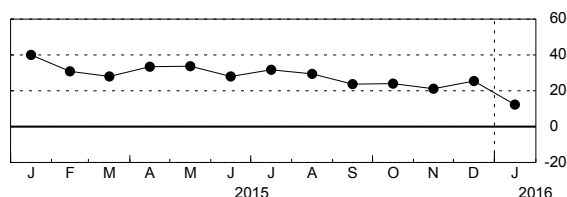
General Business Conditions - Diffusion Index



New Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	42.61	40.15	17.24	25.37
Jan	43.04	26.09	30.87	12.18

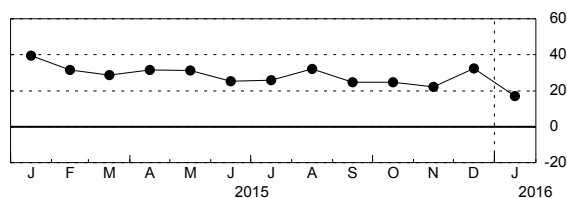
New Orders - Diffusion Index



Shipments

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	46.12	40.11	13.77	32.34
Jan	44.83	27.30	27.87	16.97

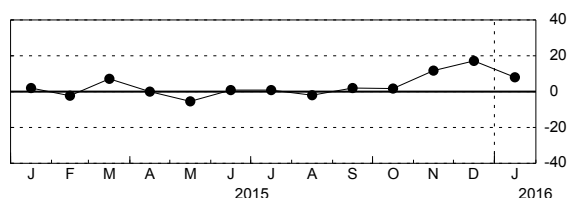
Shipments - Diffusion Index



Unfilled Orders

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	24.24	68.69	7.07	17.17
Jan	21.00	66.00	13.00	8.00

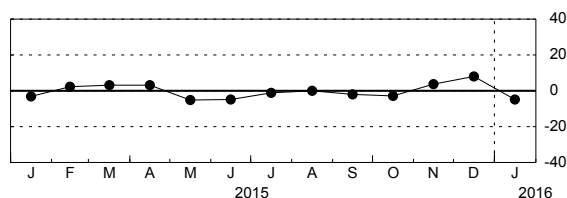
Unfilled Orders - Diffusion Index



Delivery Time

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	13.13	81.82	5.05	8.08
Jan	12.00	71.00	17.00	-5.00

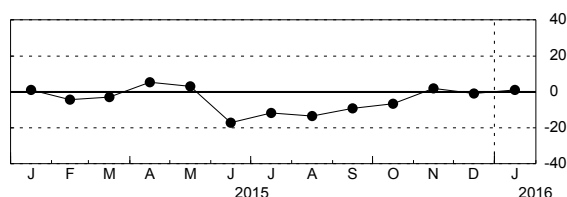
Delivery Time - Diffusion Index



Inventories

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	24.24	50.51	25.25	-1.01
Jan	23.00	55.00	22.00	1.00

Inventories - Diffusion Index



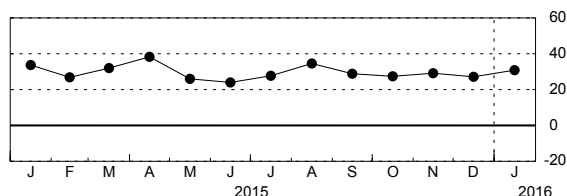
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	31.31	64.65	4.04	27.27
Jan	33.00	65.00	2.00	31.00

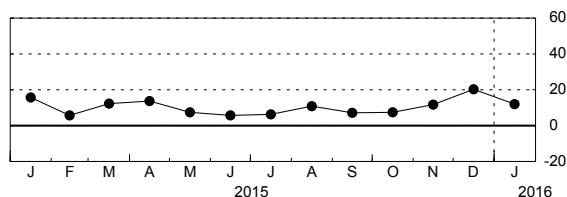
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	29.29	61.62	9.09	20.20
Jan	23.00	66.00	11.00	12.00

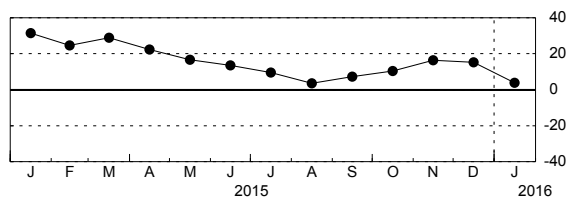
Prices Received - Diffusion Index



Number of Employees

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	30.30	54.55	15.15	15.15
Jan	26.00	52.00	22.00	4.00

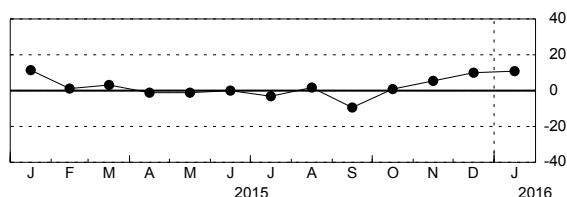
Number of Employees - Diffusion Index



Average Employee Workweek

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	21.21	67.68	11.11	10.10
Jan	24.00	63.00	13.00	11.00

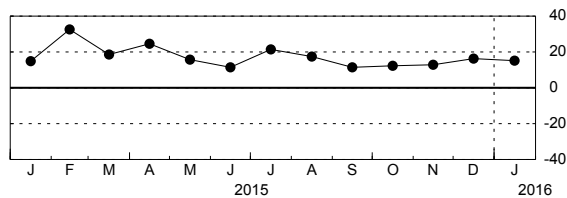
Average Employee Workweek - Diffusion Index



Capital Expenditures

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	30.30	55.56	14.14	16.16
Jan	25.00	65.00	10.00	15.00

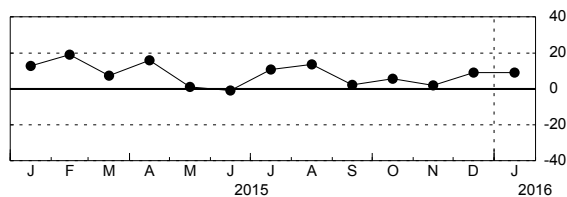
Capital Expenditures - Diffusion Index



Technology Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Dec	21.21	66.67	12.12	9.09
Jan	16.00	77.00	7.00	9.00

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.