

Supplemental Survey Report

Businesses Report Flat Selling Prices, Expect Slight Hikes in the Year Ahead

In a series of supplementary questions to the September 2016 *Empire State Manufacturing Survey* and *Business Leaders Survey*, manufacturers and service firms were asked how much their overall selling prices had changed over the past year and how much they expected their prices to rise or fall in the year ahead; they were also asked to assess the probability that prices would rise or fall by certain specified amounts. Identical questions had been asked in surveys conducted in September 2015 and earlier.

Both manufacturers and service firms, on average, reported that their selling prices

were essentially unchanged over the past year. In last September's survey, the average respondent in both surveys had anticipated a modest rise. Looking ahead to the next twelve months, the average respondent in both surveys predicted a 1.5 percent rise. Only 12 percent of manufacturers and 11 percent of service firms said that they expected to raise their selling prices by 4 percent or more (not shown in table). Fewer than 10 percent of firms in both surveys indicated that they would cut prices.

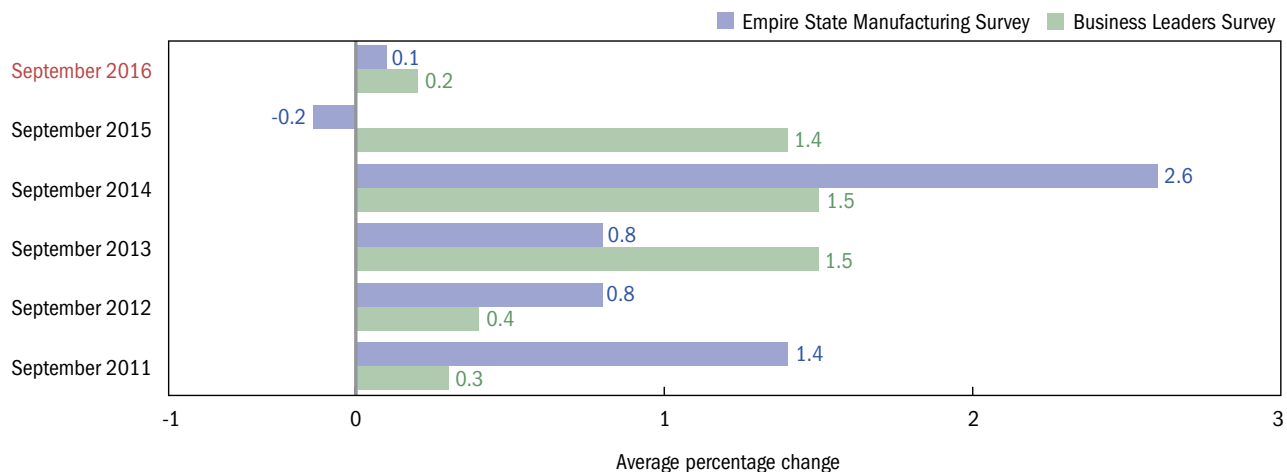
When asked a separate question about the probability of specified price changes

over the next twelve months, the average respondent in both surveys reported a better than 50 percent chance that the firm's selling prices would remain within 2 percent of current levels. In assessing the probability that selling prices would rise by at least 2 percent, manufacturers, on average, estimated a 33 percent chance, while service sector respondents saw a 38 percent chance. The average respondent in both surveys estimated a slightly less than 10 percent chance that the firm's prices would decline by 2 percent or more. All of these results differed little from those in the September 2015 survey. ■

Supplemental Survey Report, *continued*

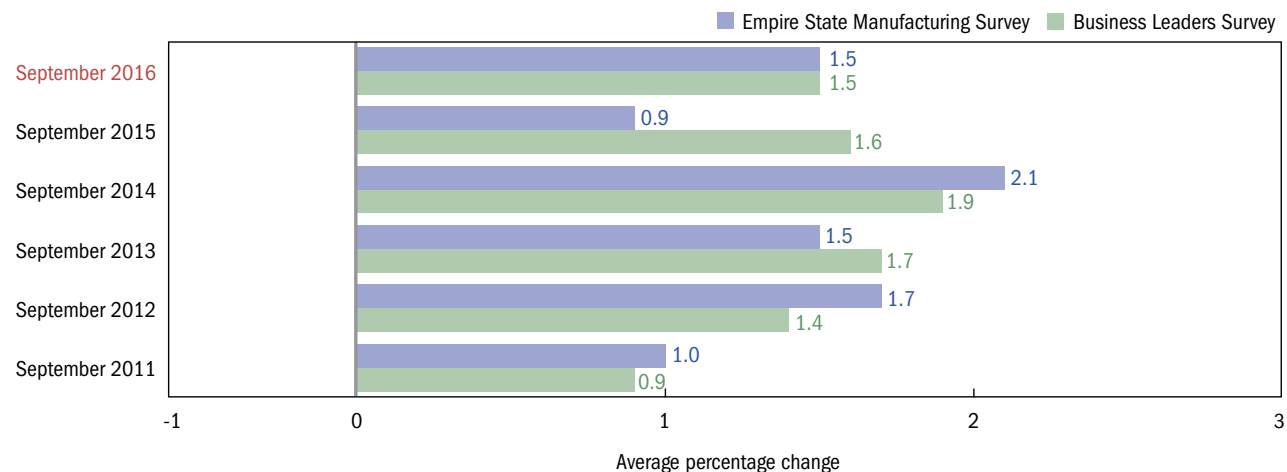
QUESTION 1

By how much have your selling prices changed, on average, over the past year?



QUESTION 2

By how much do you expect your selling prices to change, on average, over the next year?



QUESTION 3

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

	Average Percent Chance*			
	September 2016 Survey		September 2015 Survey	
	Empire State Manufacturing Survey	Business Leaders Survey	Empire State Manufacturing Survey	Business Leaders Survey
Decrease 8 percent or more	1.2	1.0	2.2	0.9
Decrease 2 to 8 percent	8.6	7.1	11.8	6.7
Stay within 2 percent of where they are now	56.9	54.9	54.1	51.0
Increase 2 to 8 percent	29.1	31.2	28.0	31.9
Increase 8 to 15 percent	3.8	5.3	3.5	5.3
Increase 15 percent or more	0.4	1.9	0.5	4.2

* Survey respondents were asked to assign a specific percent chance to each possible outcome; the values shown for question 3 reflect the average indicated percent chance across all respondents.