

Empire State Manufacturing Survey: Supplemental Report

July 2008

For release: July 15, 2008

Little or No Growth Seen in Sales and Employment for 2008

In a series of supplementary questions to the July 2008 *Empire State Manufacturing Survey*, manufacturers were asked how much their sales and employment levels had changed between the first half of 2007 and the first half of 2008; they were also asked about the changes they expected in both sales and employment for the full calendar year. Similar questions had been posed in the July 2008 survey.

In this year's survey, the median increase in total sales reported for the first half of the year was 5 percent, while the median increase expected for the calendar year was zero; in last July's survey, sales gains of 6 percent had been expected over both time horizons. In addition, the median respondent firm in 2008 expected employment levels to be virtually unchanged from 2007 levels—both for the first six months and for the full year. This response seems to suggest little or no net hiring activity in the months ahead.

Survey respondents were also asked if they had recently modified their production plans for the second half of 2008. Just 27 percent of respondents reported that they had increased production plans, while 35 percent indicated that they had scaled them back. This finding contrasts fairly sharply with last year's survey results, when far more firms said that they had increased plans (42 percent) than reduced them (25 percent).

Finally, manufacturers were asked about the effects of rising energy costs on both production plans and selling prices. A little more than 36 percent of the firms surveyed said that rising energy costs had prompted them to scale back production plans for the second half of 2008; just 9 percent indicated that they had been led to reduce their plans "substantially." However, 84 percent of manufacturers reported that higher energy costs would prompt them to charge higher prices than they otherwise would have in the second half of 2008, with 29 percent reporting that they would charge "substantially" higher prices.

1) Please estimate the percentage change in your firm's sales and employment levels from 2007 to 2008—both for the first half of the year and what you expect for the full year:

	Median Percentage Change	
	July 2008 Survey	July 2007 Survey
Change in total sales		
First half of 2007 (2006) to first half of 2008 (2007)	5.0	6.0
Calendar 2007 (2006) to calendar 2008 (2007)	0.0	6.0
Change in number of employees		
First half of 2007 (2006) to first half of 2008 (2007)	0.0	0.0
Calendar 2007 (2006) to calendar 2008 (2007)	0.5	2.0

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2) In the past several months, to what extent have you modified your production plans . . .

	Percentage of Respondents	
	For the Second Half of 2008?	For the Second Half of 2007?
Reduced substantially	8.7	3.8
Reduced somewhat	26.1	21.5
No change	38.0	32.9
Increased somewhat	21.7	27.8
Increased substantially	5.4	13.9

3) To what extent have recent increases in the costs of energy and other commodities caused you to . . .

	Percentage of Respondents
Scale back production plans / Trim sales expectations for the second half of 2008?	
Not at all	63.7
Somewhat	27.5
Substantially	8.8
Charge higher prices than you otherwise would have in the second half of 2008?	
Not at all	16.1
Somewhat	54.8
Substantially	29.0