

Empire State Manufacturing Survey

The December 2015 *Empire State Manufacturing Survey* indicates that business activity declined for a fifth consecutive month for New York manufacturers. However, the pace of decline slowed somewhat: the headline general business conditions index, though still negative, moved up six points to -4.6. New orders continued to drop, but shipments increased for the first time since the summer. Price indexes suggested that input prices increased slightly, while selling prices remained slightly lower. Labor market conditions deteriorated noticeably, with survey indicators pointing to a sharp decline in both employment levels and hours worked. Nonetheless, indexes for the six-month outlook increased markedly, suggesting more widespread optimism about future business conditions.

Business Conditions Continue to Worsen

Business activity declined for a fifth consecutive month for New York manufacturing firms, according to the December 2015 survey. However, at -4.6, the general business conditions index was six points above its November level, indicating that the pace of decline moderated somewhat. Nearly 25 percent of respondents reported that conditions had improved over the month, while 29 percent reported that conditions had worsened. Although the new orders index remained negative at -5.1, suggesting that orders continued to fall, the shipments index rose almost ten points to 5.5, marking the first increase in shipments since the summer. The unfilled orders index edged up

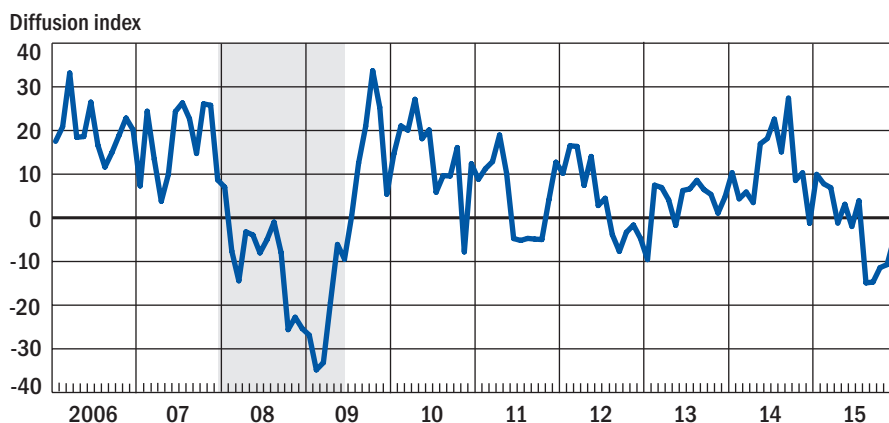
two points to -16.2, and the delivery time index rose nearly three points to -8.1. The inventories index increased five points to -12.1, indicating ongoing reduction in inventory levels.

Labor Market Conditions Deteriorate Noticeably

The prices paid index was little changed at 4.0, suggesting that input prices continued to increase slightly. Selling prices declined for a fourth consecutive month, with the prices received index remaining close to recent levels at -4.0. Labor market conditions deteriorated noticeably: the index for number of employees, negative for a fourth consecutive month, fell nine points to -16.2, and the average workweek index plunged thirteen points to -27.3, its lowest level since early 2009.

General Business Conditions

Seasonally Adjusted



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

Optimism More Widespread

Indexes for the six-month outlook increased markedly this month, suggesting more widespread optimism about future business conditions. The index for future business conditions jumped eighteen points to 38.5, and the indexes for future new orders and future shipments also rose sharply. Labor market conditions were expected to improve, with the index for expected number of employees little changed at 15.2 and the index for expected workweek rising to 10.1. The capital expenditures index advanced three points to 16.2, and the technology spending index increased seven points to 9.1. ■

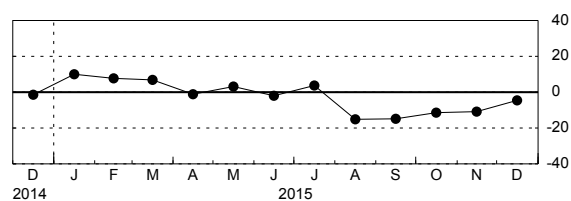
Current Indicators

Change from Preceding Month

General Business Conditions

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 18.61 | 52.04 | 29.35 | -10.74 |
| Dec | 24.58 | 46.26 | 29.16 | -4.59 |

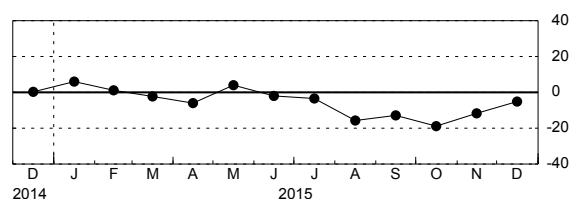
General Business Conditions - Diffusion Index



New Orders

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 21.39 | 45.40 | 33.21 | -11.82 |
| Dec | 25.56 | 43.81 | 30.63 | -5.07 |

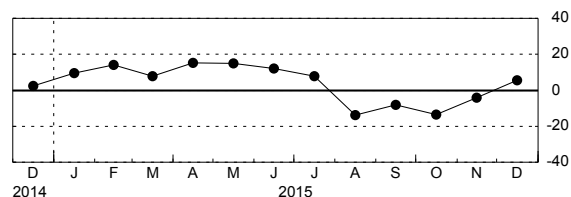
New Orders - Diffusion Index



Shipments

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 28.15 | 39.61 | 32.25 | -4.10 |
| Dec | 31.86 | 41.79 | 26.35 | 5.51 |

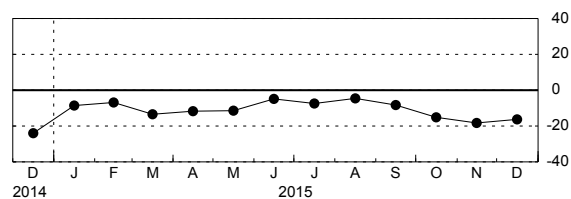
Shipments - Diffusion Index



Unfilled Orders

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 6.36 | 69.09 | 24.55 | -18.18 |
| Dec | 7.07 | 69.70 | 23.23 | -16.16 |

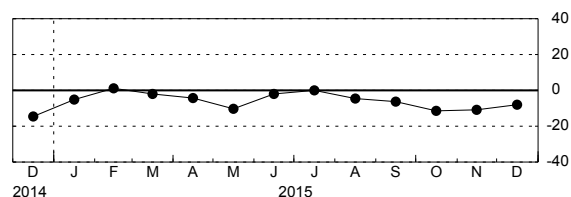
Unfilled Orders - Diffusion Index



Delivery Time

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 6.36 | 76.36 | 17.27 | -10.91 |
| Dec | 7.07 | 77.78 | 15.15 | -8.08 |

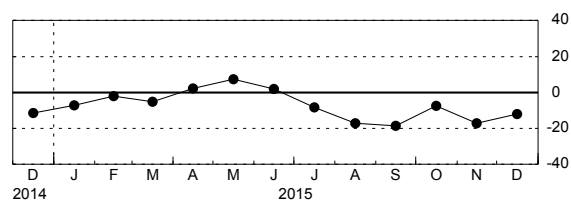
Delivery Time - Diffusion Index



Inventories

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 14.55 | 53.64 | 31.82 | -17.27 |
| Dec | 21.21 | 45.45 | 33.33 | -12.12 |

Inventories - Diffusion Index



Current Indicators, *continued*

Change from Preceding Month

Prices Paid

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 10.91 | 82.73 | 6.36 | 4.55 |
| Dec | 14.14 | 75.76 | 10.10 | 4.04 |

Prices Received

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 7.27 | 80.91 | 11.82 | -4.55 |
| Dec | 6.06 | 83.84 | 10.10 | -4.04 |

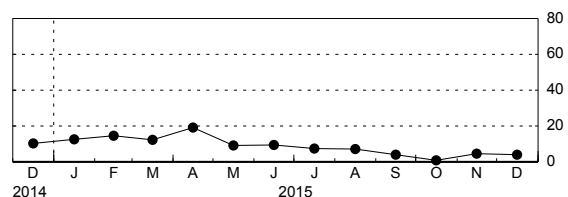
Number of Employees

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 10.00 | 72.73 | 17.27 | -7.27 |
| Dec | 5.05 | 73.74 | 21.21 | -16.16 |

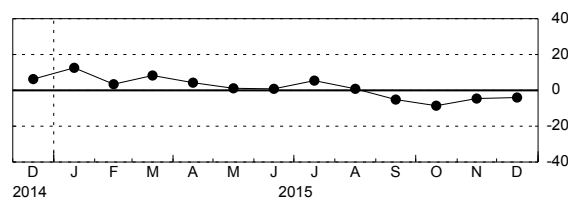
Average Employee Workweek

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 7.27 | 70.91 | 21.82 | -14.55 |
| Dec | 3.03 | 66.67 | 30.30 | -27.27 |

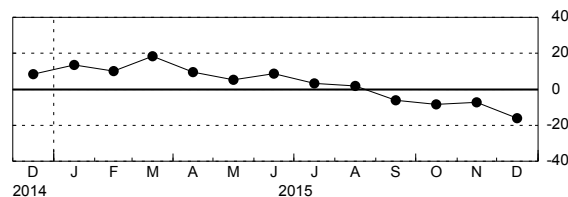
Prices Paid - Diffusion Index



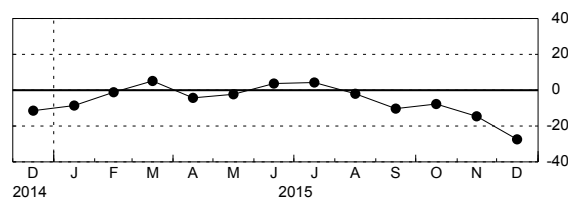
Prices Received - Diffusion Index



Number of Employees - Diffusion Index



Average Employee Workweek - Diffusion Index



Note: All data are seasonally adjusted.

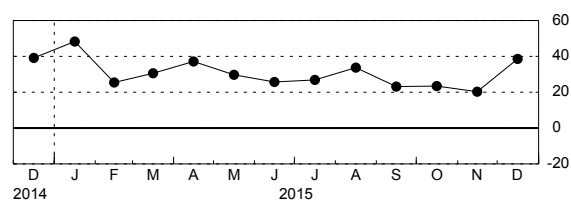
Forward-Looking Indicators

Expectations Six Months Ahead

General Business Conditions

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 41.39 | 37.54 | 21.06 | 20.33 |
| Dec | 53.21 | 32.08 | 14.71 | 38.51 |

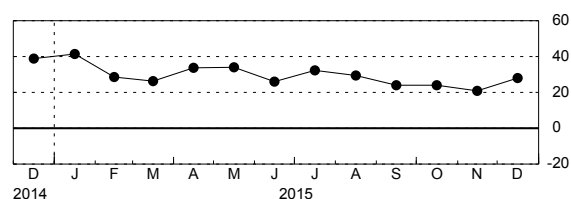
General Business Conditions - Diffusion Index



New Orders

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 39.85 | 41.11 | 19.03 | 20.82 |
| Dec | 45.19 | 37.45 | 17.36 | 27.83 |

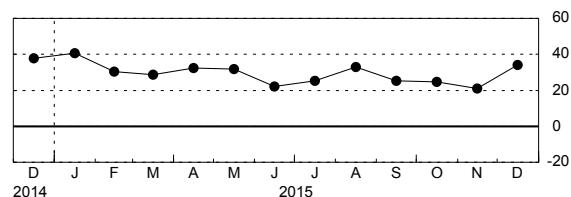
New Orders - Diffusion Index



Shipments

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 41.07 | 38.93 | 20.00 | 21.07 |
| Dec | 46.97 | 40.17 | 12.86 | 34.11 |

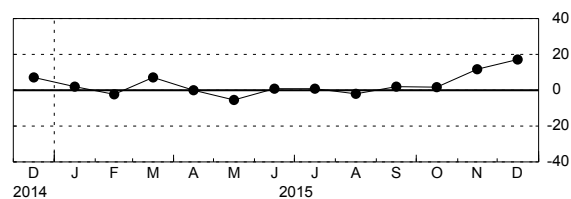
Shipments - Diffusion Index



Unfilled Orders

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 19.09 | 73.64 | 7.27 | 11.82 |
| Dec | 24.24 | 68.69 | 7.07 | 17.17 |

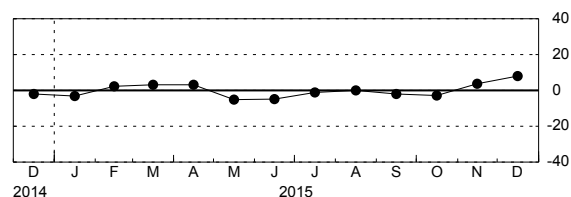
Unfilled Orders - Diffusion Index



Delivery Time

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 13.64 | 76.36 | 10.00 | 3.64 |
| Dec | 13.13 | 81.82 | 5.05 | 8.08 |

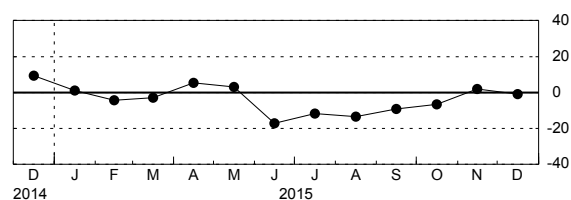
Delivery Time - Diffusion Index



Inventories

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 20.00 | 61.82 | 18.18 | 1.82 |
| Dec | 24.24 | 50.51 | 25.25 | -1.01 |

Inventories - Diffusion Index



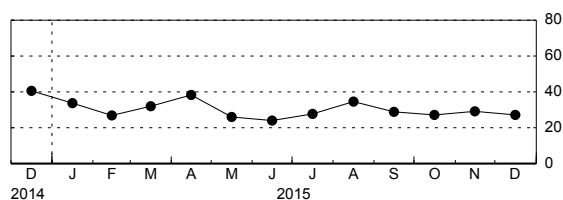
Forward-Looking Indicators, *continued*

Expectations Six Months Ahead

Prices Paid

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 35.45 | 58.18 | 6.36 | 29.09 |
| Dec | 31.31 | 64.65 | 4.04 | 27.27 |

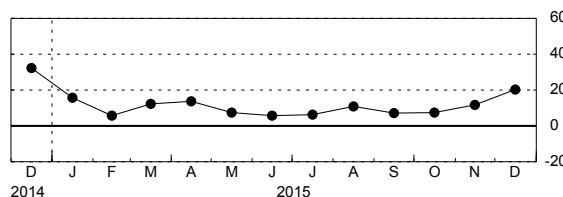
Prices Paid - Diffusion Index



Prices Received

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 23.64 | 64.55 | 11.82 | 11.82 |
| Dec | 29.29 | 61.62 | 9.09 | 20.20 |

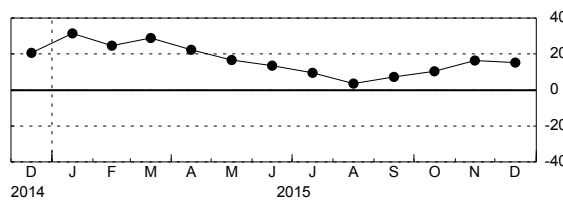
Prices Received - Diffusion Index



Number of Employees

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 28.18 | 60.00 | 11.82 | 16.36 |
| Dec | 30.30 | 54.55 | 15.15 | 15.15 |

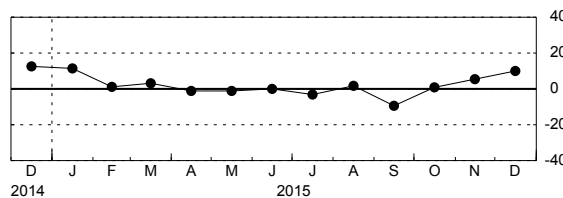
Number of Employees - Diffusion Index



Average Employee Workweek

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 13.64 | 78.18 | 8.18 | 5.45 |
| Dec | 21.21 | 67.68 | 11.11 | 10.10 |

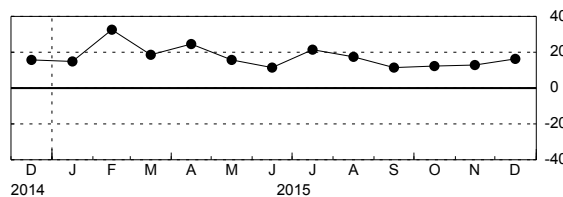
Average Employee Workweek - Diffusion Index



Capital Expenditures

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 27.27 | 58.18 | 14.55 | 12.73 |
| Dec | 30.30 | 55.56 | 14.14 | 16.16 |

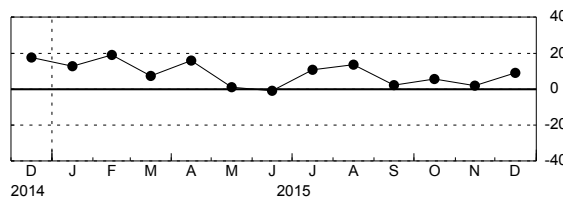
Capital Expenditures - Diffusion Index



Technology Spending

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| Nov | 17.27 | 67.27 | 15.45 | 1.82 |
| Dec | 21.21 | 66.67 | 12.12 | 9.09 |

Technology Spending - Diffusion Index



Note: All data are seasonally adjusted.