

Empire State Manufacturing Survey

Business activity rebounded strongly in New York State, according to firms responding to the June 2017 *Empire State Manufacturing Survey*. The headline general business conditions index shot up twenty-one points to 19.8, its highest level in more than two years. The new orders index posted a similar increase, rising twenty-three points to 18.1, and the shipments index advanced to 22.3. The inventories index climbed to 7.7, indicating a rise in inventory levels, and labor market indicators pointed to a modest increase in employment and hours worked. The pace of input price increases was unchanged, while selling price increases picked up somewhat. Looking ahead, firms remained optimistic about the six-month outlook.

Business Activity Bounces Back

Manufacturing firms in New York State reported that business activity grew at a solid clip in June. After dropping to a

level just below zero last month, the general business conditions index more than made up for lost ground, rising twenty-one points to 19.8, its highest level since September 2014. Thirty-six percent of respondents reported that conditions had improved over the month, while 16 percent reported that conditions had worsened. The new orders index, which showed a decline in orders last month, jumped twenty-three points to 18.1, indicating that orders increased markedly. The shipments index rose to 22.3, pointing to a substantial increase in shipments. The unfilled orders index moved up to 4.6, and the delivery time index was little changed at 5.4. The inventories index rose to 7.7, a sign that inventory levels were higher.

Labor Market Conditions Continue to Improve

Employment indexes remained positive, pointing to continued modest growth in

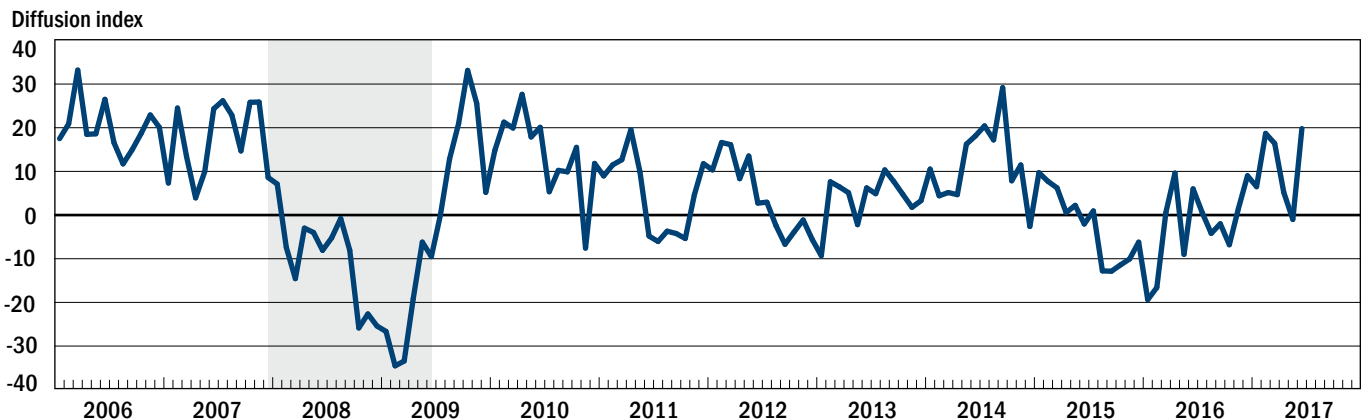
employment levels and hours worked. The index for number of employees edged down four points to 7.7, and the average workweek index was little changed at 8.5. The prices paid index held steady at 20.0, and the prices received index rose six points to 10.8, pointing to a pickup in selling price increases.

Firms Remain Optimistic

Indexes assessing the six-month outlook suggested that firms continued to expect conditions to improve. The index for future business conditions was little changed at 41.7, and the index for future new orders rose nine points to 42.2. Inventories were expected to be slightly lower in the months ahead, and employment was expected to increase modestly. The capital expenditures index rose to 20.8, and the technology spending index was 11.5. ■

General Business Conditions

Seasonally Adjusted

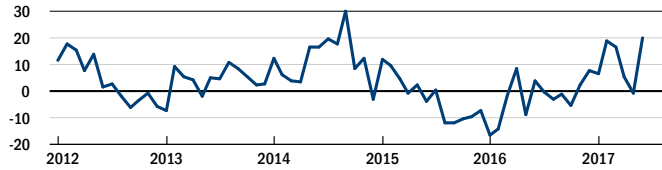


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

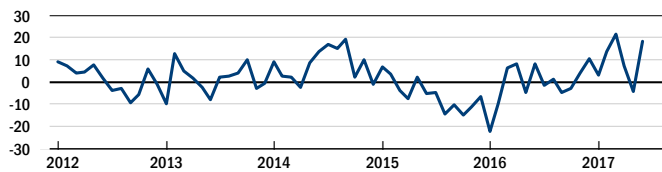
Change from Preceding Month

General Business Conditions



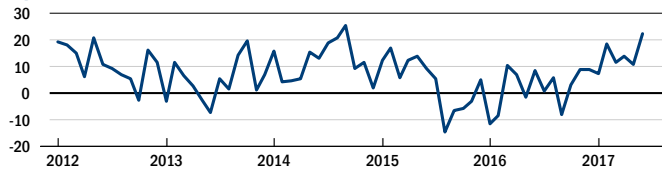
	Percent Reporting		Index
	Higher	Lower	
May	25.5	26.5	-1.0
Jun	36.0	16.2	19.8
Change			20.8

New Orders



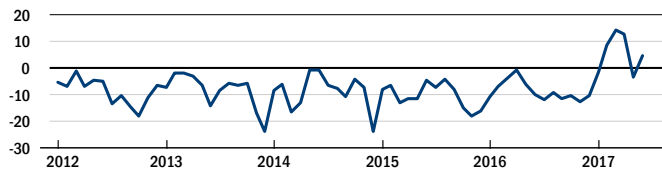
	Percent Reporting		Index
	Higher	Lower	
May	20.7	25.1	-4.4
Jun	35.1	17.0	18.1
Change			22.5

Shipments



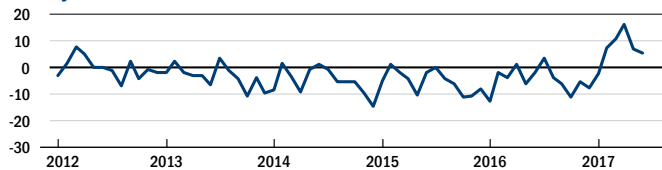
	Percent Reporting		Index
	Higher	Lower	
May	32.8	22.2	10.6
Jun	40.9	18.7	22.3
Change			11.7

Unfilled Orders



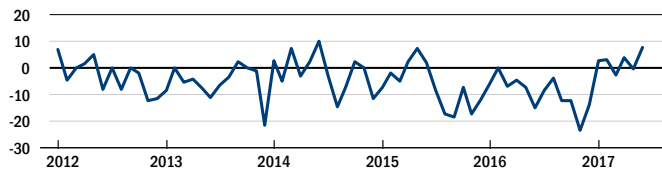
	Percent Reporting		Index
	Higher	Lower	
May	12.7	16.4	-3.7
Jun	15.4	10.8	4.6
Change			8.3

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
May	17.2	10.4	6.7
Jun	15.4	10.0	5.4
Change			-1.3

Inventories

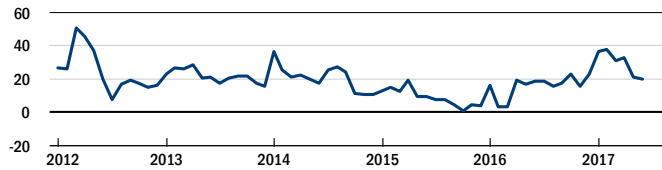


	Percent Reporting		Index
	Higher	Lower	
May	18.7	19.4	-0.7
Jun	23.8	16.2	7.7
Change			8.4

Current Indicators, *continued*

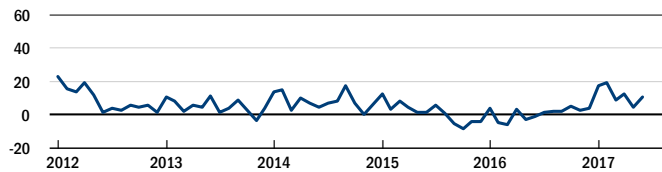
Change from Preceding Month

Prices Paid



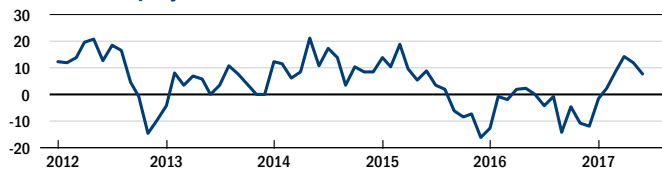
	Percent Reporting		Index
	Higher	Lower	
May	25.4	4.5	20.9
Jun	26.2	6.2	20.0
Change			-0.9

Prices Received



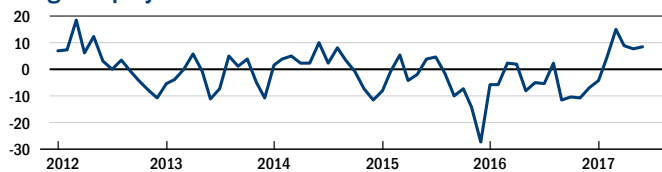
	Percent Reporting		Index
	Higher	Lower	
May	10.4	6.0	4.5
Jun	17.7	6.9	10.8
Change			6.3

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
May	20.9	9.0	11.9
Jun	17.7	10.0	7.7
Change			-4.2

Average Employee Workweek



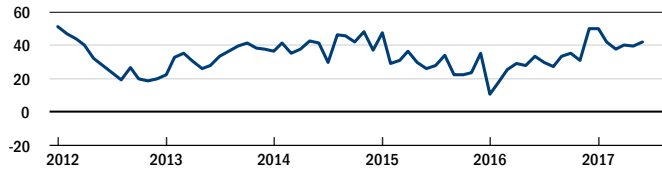
	Percent Reporting		Index
	Higher	Lower	
May	14.9	7.5	7.5
Jun	17.7	9.2	8.5
Change			1.0

Note: Data are not seasonally adjusted.

Forward-Looking Indicators

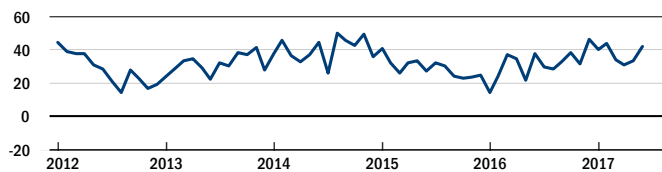
Expectations Six Months Ahead

General Business Conditions



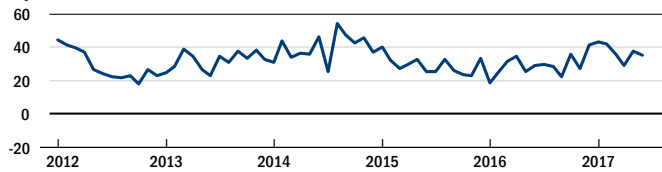
	Percent Reporting		Index
	Higher	Lower	
May	52.6	13.2	39.3
Jun	54.4	12.6	41.7
Change			2.4

New Orders



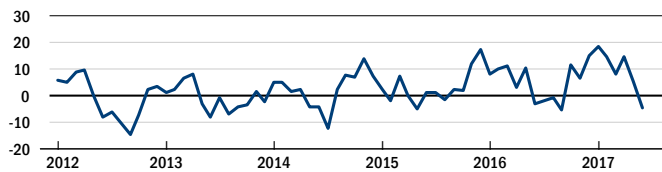
	Percent Reporting		Index
	Higher	Lower	
May	50.0	16.8	33.2
Jun	53.8	11.6	42.2
Change			9.0

Shipments



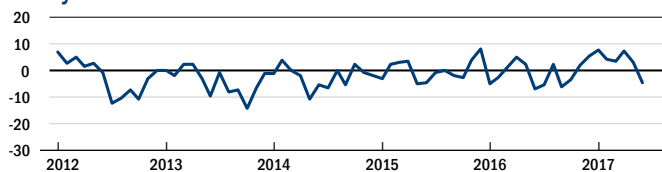
	Percent Reporting		Index
	Higher	Lower	
May	52.0	14.1	37.8
Jun	51.5	16.5	35.0
Change			-2.8

Unfilled Orders



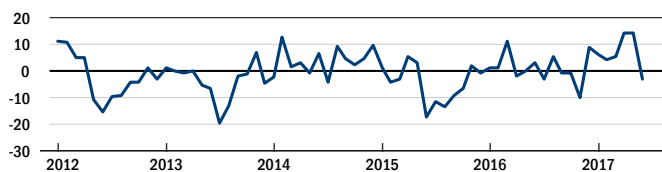
	Percent Reporting		Index
	Higher	Lower	
May	20.1	14.9	5.2
Jun	11.5	16.2	-4.6
Change			-9.8

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
May	12.7	9.7	3.0
Jun	8.5	13.1	-4.6
Change			-7.6

Inventories

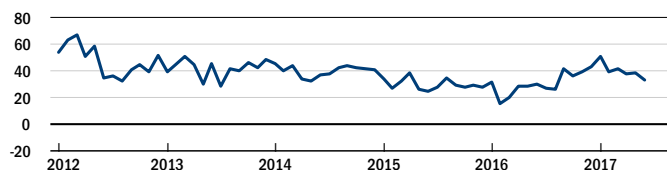


	Percent Reporting		Index
	Higher	Lower	
May	31.3	17.2	14.2
Jun	17.7	20.8	-3.1
Change			-17.3

Forward-Looking Indicators, *continued*

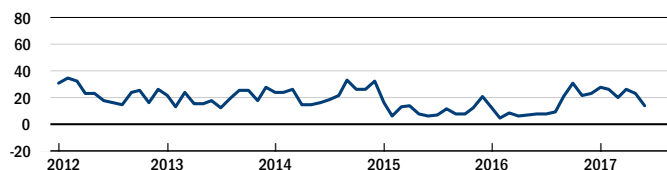
Expectations Six Months Ahead

Prices Paid



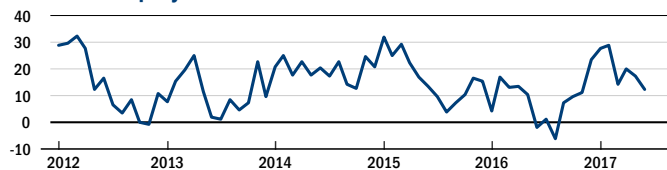
	Percent Reporting		Index
	Higher	Lower	
May	41.8	3.7	38.1
Jun	38.5	5.4	33.1
Change			-5.0

Prices Received



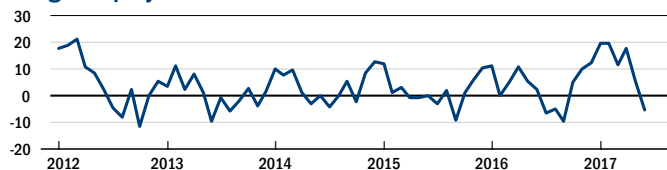
	Percent Reporting		Index
	Higher	Lower	
May	29.1	6.7	22.4
Jun	23.1	9.2	13.8
Change			-8.6

Number of Employees



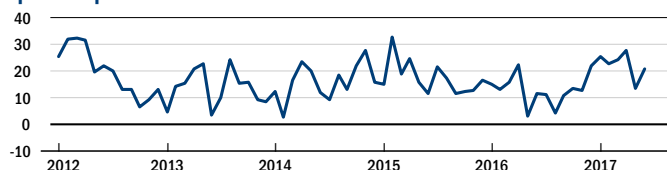
	Percent Reporting		Index
	Higher	Lower	
May	26.9	9.7	17.2
Jun	23.1	10.8	12.3
Change			-4.9

Average Employee Workweek



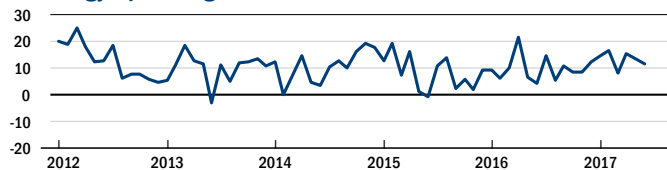
	Percent Reporting		Index
	Higher	Lower	
May	15.7	10.4	5.2
Jun	8.5	13.8	-5.4
Change			-10.6

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
May	26.1	12.7	13.4
Jun	29.2	8.5	20.8
Change			7.4

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
May	19.4	6.0	13.4
Jun	19.2	7.7	11.5
Change			-1.9

Note: Data are not seasonally adjusted.