

Empire State Manufacturing Survey

Business activity leveled off in New York State, according to firms responding to the May 2017 *Empire State Manufacturing Survey*. The headline general business conditions index fell six points to -1.0. The new orders index dropped to -4.4, suggesting a small decline in orders, and the shipments index edged down to 10.6, indicating that shipments increased at a slightly slower pace than in April. Labor market indicators pointed to a modest increase in both employment and hours worked, and input prices and selling prices rose at a more moderate pace. Indexes assessing the six-month outlook were close to last month's levels, and continued to convey a high degree of optimism about future conditions.

Business Activity Flattens Out after Six-Month Run

Manufacturing firms in New York State reported that business activity

was little changed in May. On the heels of positive readings for the prior six months, the general business conditions index retreated six points to -1.0. Twenty-six percent of respondents—down roughly 10 percentage points from the corresponding share in April—reported that conditions had improved over the month, while 27 percent reported that conditions had worsened. The new orders index fell below zero for the first time in several months, and at -4.4, pointed to a small decline in orders. The shipments index slipped to 10.6, indicating that shipments increased at a slower pace. The unfilled orders index tumbled sixteen points to -3.7. The delivery time index fell nine points to 6.7, a sign that delivery times continued to increase, though less so than last month, and the inventories index fell to -0.7, suggesting that inventory levels were stable.

Employment Continues to Expand

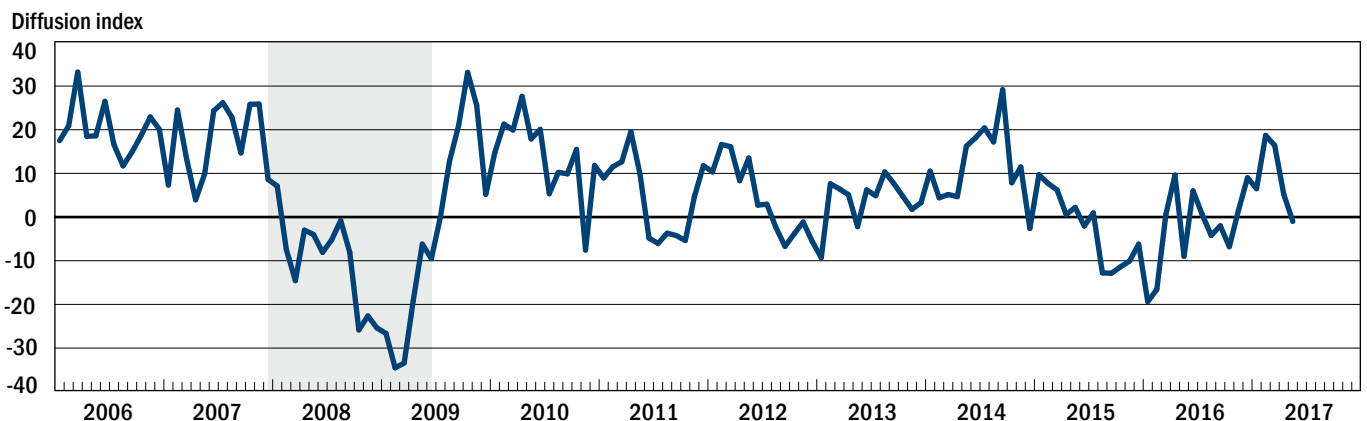
Employment indexes remained positive, pointing to continued improvement in labor market conditions. The index for number of employees edged down to 11.9, and the average workweek index was little changed at 7.5. Price increases slowed: The prices paid index fell twelve points to 20.9, its lowest level since November, and the prices received index moved down eight points to 4.5.

Firms Remain Optimistic

Indexes assessing the six-month outlook suggested that firms remained optimistic about future conditions. The index for future business conditions held steady at 39.3, and indexes for future new orders and shipments were somewhat higher. Employment was expected to increase in the months ahead. The capital expenditures index fell fourteen points to 13.4, and the technology spending index also came in at 13.4. ■

General Business Conditions

Seasonally Adjusted

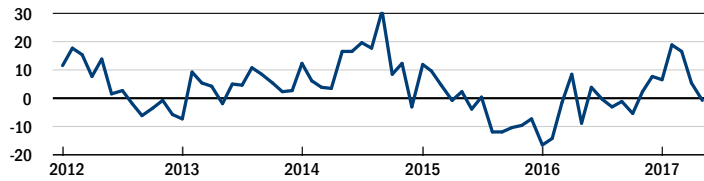


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

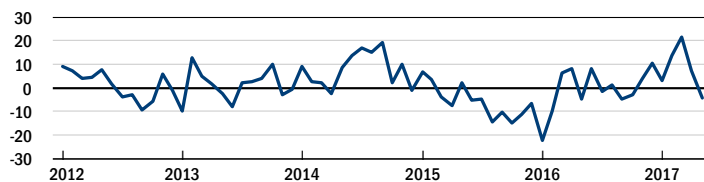
Change from Preceding Month

General Business Conditions



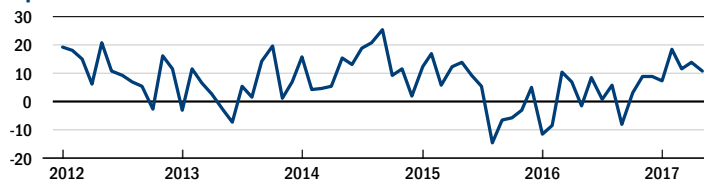
	Percent Reporting		Index
	Higher	Lower	
Apr	34.9	29.7	5.2
May	25.5	26.5	-1.0
Change			-6.2

New Orders



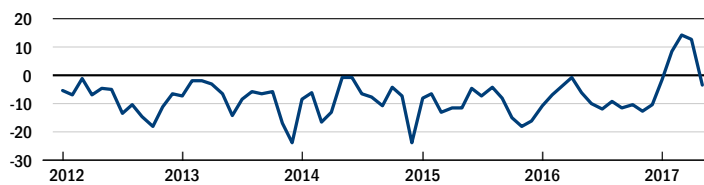
	Percent Reporting		Index
	Higher	Lower	
Apr	32.6	25.7	7.0
May	20.7	25.1	-4.4
Change			-11.4

Shipments



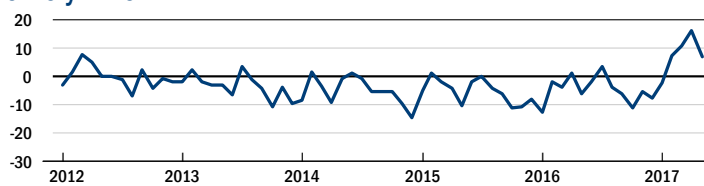
	Percent Reporting		Index
	Higher	Lower	
Apr	36.6	22.9	13.7
May	32.8	22.2	10.6
Change			-3.1

Unfilled Orders



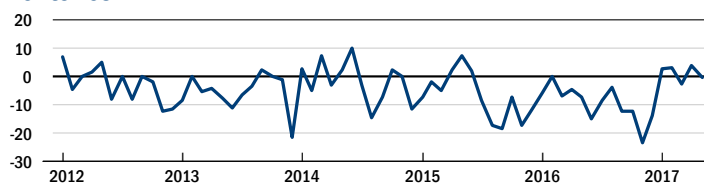
	Percent Reporting		Index
	Higher	Lower	
Apr	21.9	9.5	12.4
May	12.7	16.4	-3.7
Change			-16.1

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Apr	21.2	5.1	16.1
May	17.2	10.4	6.7
Change			-9.4

Inventories

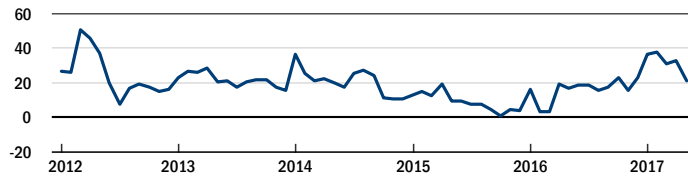


	Percent Reporting		Index
	Higher	Lower	
Apr	24.1	20.4	3.6
May	18.7	19.4	-0.7
Change			-4.3

Current Indicators, *continued*

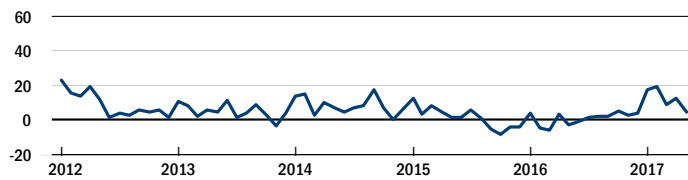
Change from Preceding Month

Prices Paid



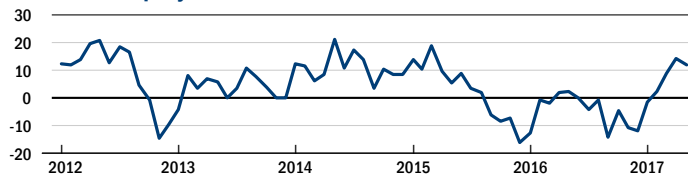
	Percent Reporting		Index
	Higher	Lower	
Apr	36.5	3.6	32.8
May	25.4	4.5	20.9
Change			-11.9

Prices Received



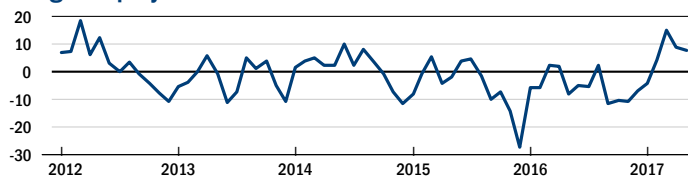
	Percent Reporting		Index
	Higher	Lower	
Apr	16.1	3.6	12.4
May	10.4	6.0	4.5
Change			-7.9

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Apr	23.4	9.5	13.9
May	20.9	9.0	11.9
Change			-2.0

Average Employee Workweek



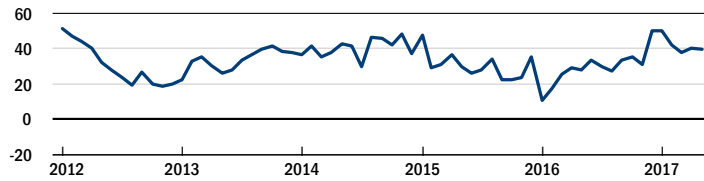
	Percent Reporting		Index
	Higher	Lower	
Apr	19.7	10.9	8.8
May	14.9	7.5	7.5
Change			-1.3

Note: Data are not seasonally adjusted.

Forward-Looking Indicators

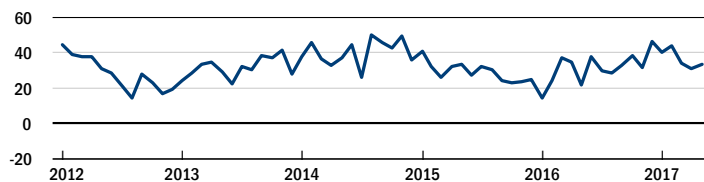
Expectations Six Months Ahead

General Business Conditions



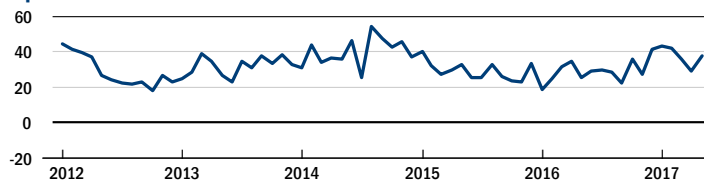
	Percent Reporting		Index
	Higher	Lower	
Apr	50.8	10.9	39.9
May	52.6	13.2	39.3
Change			-0.6

New Orders



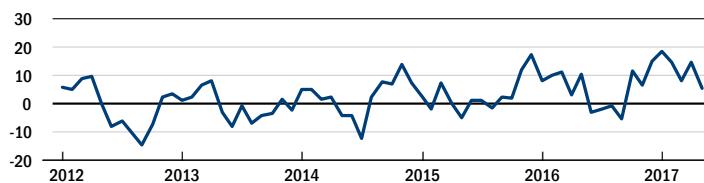
	Percent Reporting		Index
	Higher	Lower	
Apr	45.6	14.5	31.0
May	50.0	16.8	33.2
Change			2.2

Shipments



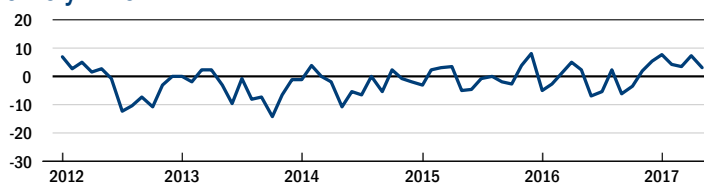
	Percent Reporting		Index
	Higher	Lower	
Apr	43.5	14.4	29.2
May	52.0	14.1	37.8
Change			8.6

Unfilled Orders



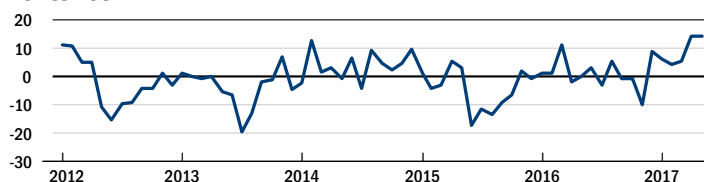
	Percent Reporting		Index
	Higher	Lower	
Apr	22.6	8.0	14.6
May	20.1	14.9	5.2
Change			-9.4

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Apr	13.1	5.8	7.3
May	12.7	9.7	3.0
Change			-4.3

Inventories

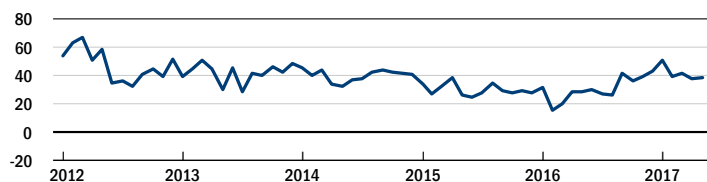


	Percent Reporting		Index
	Higher	Lower	
Apr	30.7	16.8	13.9
May	31.3	17.2	14.2
Change			0.3

Forward-Looking Indicators, *continued*

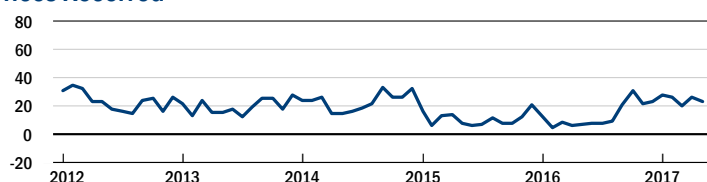
Expectations Six Months Ahead

Prices Paid



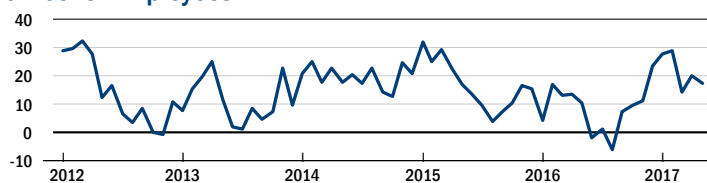
	Percent Reporting		Index
	Higher	Lower	
Apr	42.3	5.1	37.2
May	41.8	3.7	38.1
Change			0.9

Prices Received



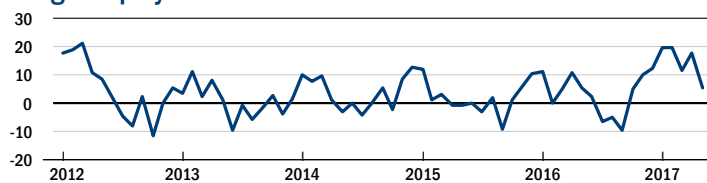
	Percent Reporting		Index
	Higher	Lower	
Apr	29.9	4.4	25.5
May	29.1	6.7	22.4
Change			-3.1

Number of Employees



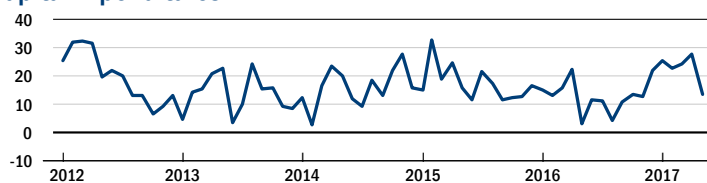
	Percent Reporting		Index
	Higher	Lower	
Apr	33.6	13.9	19.7
May	26.9	9.7	17.2
Change			-2.5

Average Employee Workweek



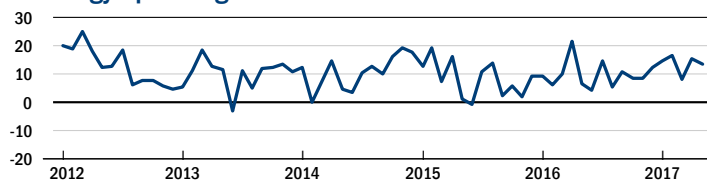
	Percent Reporting		Index
	Higher	Lower	
Apr	24.1	6.6	17.5
May	15.7	10.4	5.2
Change			-12.3

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Apr	34.3	6.6	27.7
May	26.1	12.7	13.4
Change			-14.3

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Apr	21.9	6.6	15.3
May	19.4	6.0	13.4
Change			-1.9

Note: Data are not seasonally adjusted.