

# Empire State Manufacturing Survey

Business activity grew robustly in New York State, according to firms responding to the March 2018 *Empire State Manufacturing Survey*. The headline general business conditions index climbed nine points to 22.5. The new orders index rose to 16.8 and the shipments index advanced to 27.0—readings that pointed to strong growth in orders and shipments. Unfilled orders increased, delivery times lengthened, and inventories edged higher. Labor market indicators showed an increase in employment and hours worked. After reaching a multiyear high last month, the prices paid index moved up further, reflecting ongoing and widespread increases in input prices. The prices received index held steady and suggested moderate selling price increases. Firms remained optimistic about future business conditions, though less so than last month, and capital spending plans remained strong.

## Growth Picks Up

Manufacturing firms in New York State reported that business activity continued to expand, and at a faster clip than in February. The general business conditions index rose nine points to 22.5. Thirty-eight percent of respondents reported that conditions had improved over the month, while 15 percent reported that conditions had worsened. The new orders index and the shipments index both showed solid growth, with the first index moving up three points to 16.8 and the second climbing fifteen points to 27.0. The unfilled orders index, positive for a third consecutive month, advanced eight points to 12.7, pointing to an ongoing rise in unfilled orders. The delivery time index rose five points to 16.2, a sign that delivery times continued to lengthen. The inventories index was little changed at 5.6, suggesting that inventory levels edged higher.

## Input Prices Continue to Accelerate

The index for number of employees held steady at 9.4 and the average workweek

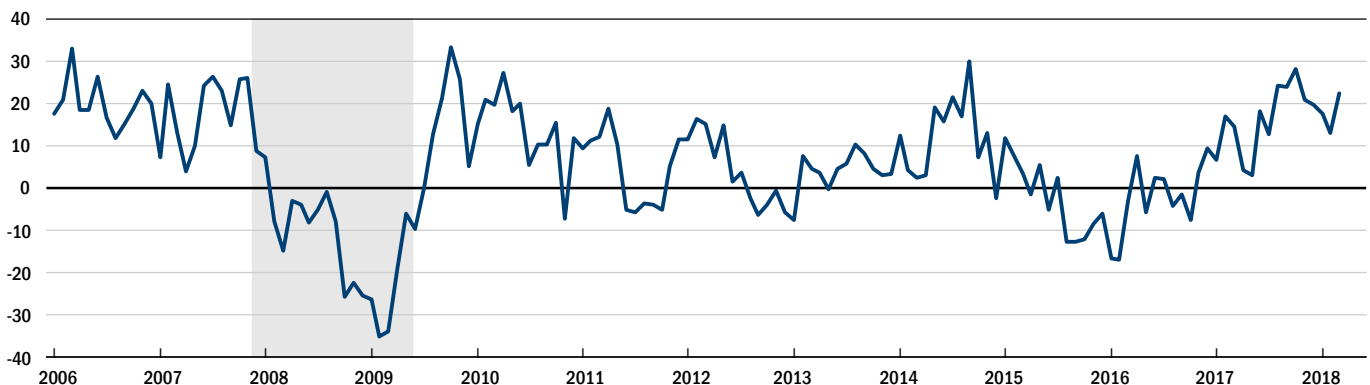
index was little changed at 5.9—readings that together signaled another month of increasing employment levels and hours worked. Input price increases continued to accelerate: the prices paid index edged up to 50.3, setting a new multiyear high. The prices received index held steady at 22.4, a level pointing to ongoing moderate selling price increases.

## Firms Remain Optimistic

Looking ahead, firms continued to be optimistic about the six-month outlook, though somewhat less so than last month. The index for future business conditions fell six points to 44.1. Unfilled orders were expected to increase, and inventories were expected to move higher. The index for future prices paid reached its highest level in several years, indicating a widespread expectation that input prices would increase in the months ahead. The capital expenditures index, at 29.4, suggested that firms' capital spending plans remained strong. ■

## General Business Conditions Seasonally Adjusted

Diffusion Index

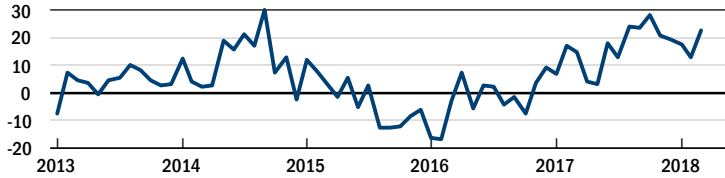


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

# Current Indicators

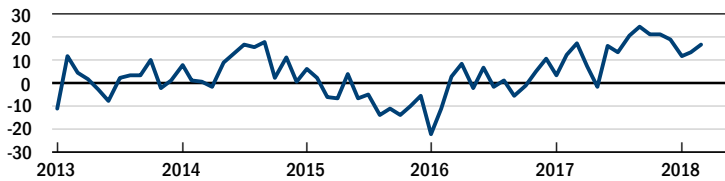
Change from Preceding Month

## General Business Conditions



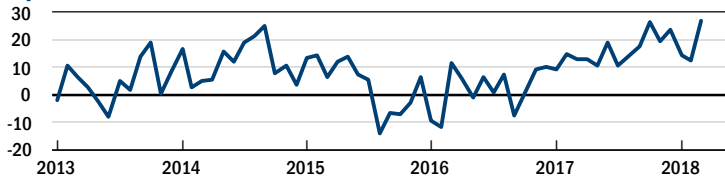
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 36.8              | 23.6  | 13.1  |
| Mar    | 37.9              | 15.3  | 22.5  |
| Change |                   |       | 9.4   |

## New Orders



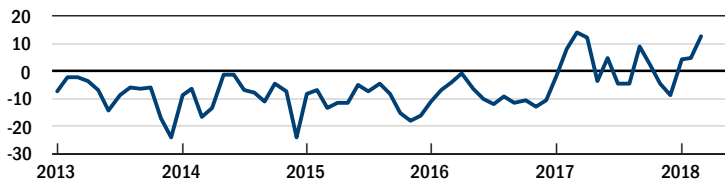
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 39.0              | 25.6  | 13.5  |
| Mar    | 39.2              | 22.4  | 16.8  |
| Change |                   |       | 3.3   |

## Shipments



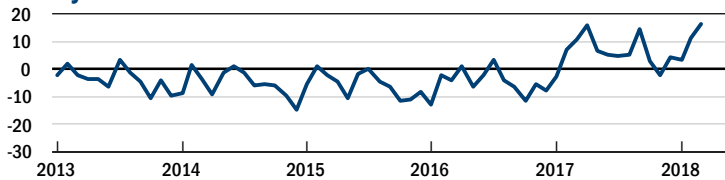
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 35.2              | 22.7  | 12.5  |
| Mar    | 42.4              | 15.4  | 27.0  |
| Change |                   |       | 14.5  |

## Unfilled Orders



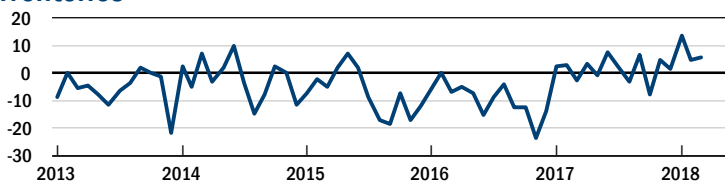
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 19.4              | 14.6  | 4.9   |
| Mar    | 26.8              | 14.1  | 12.7  |
| Change |                   |       | 7.8   |

## Delivery Time



|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 20.1              | 9.0   | 11.1  |
| Mar    | 21.8              | 5.6   | 16.2  |
| Change |                   |       | 5.1   |

## Inventories

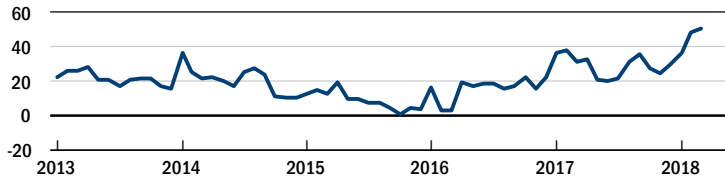


|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 25.0              | 20.1  | 4.9   |
| Mar    | 22.5              | 16.9  | 5.6   |
| Change |                   |       | 0.7   |

# Current Indicators, *continued*

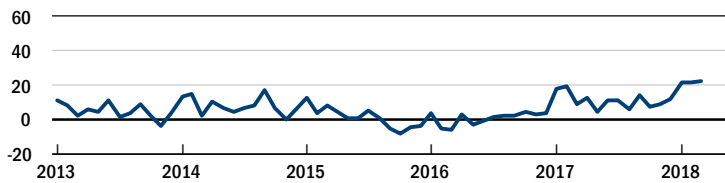
Change from Preceding Month

## Prices Paid



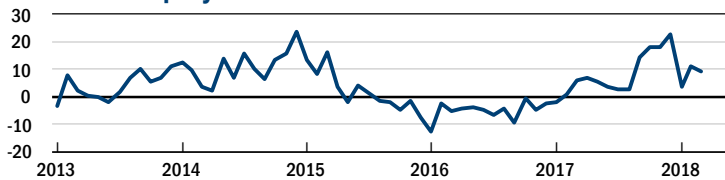
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 51.4              | 2.8   | 48.6  |
| Mar    | 53.1              | 2.8   | 50.3  |
| Change |                   |       | 1.7   |

## Prices Received



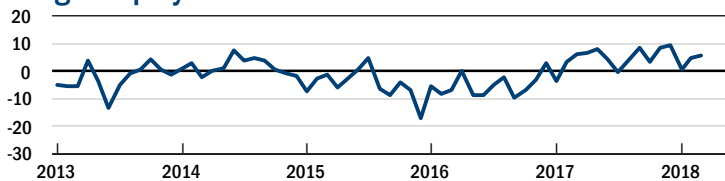
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 25.0              | 3.5   | 21.5  |
| Mar    | 26.6              | 4.2   | 22.4  |
| Change |                   |       | 0.9   |

## Number of Employees



|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 18.9              | 8.0   | 10.9  |
| Mar    | 25.8              | 16.4  | 9.4   |
| Change |                   |       | -1.5  |

## Average Employee Workweek



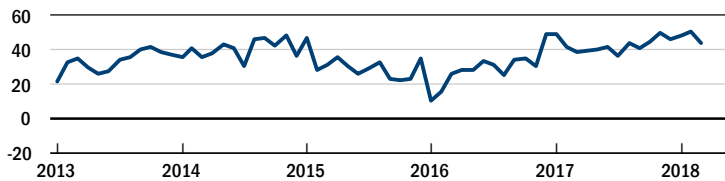
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 19.4              | 14.7  | 4.6   |
| Mar    | 18.6              | 12.7  | 5.9   |
| Change |                   |       | 1.3   |

Note: Data are seasonally adjusted.

# Forward-Looking Indicators

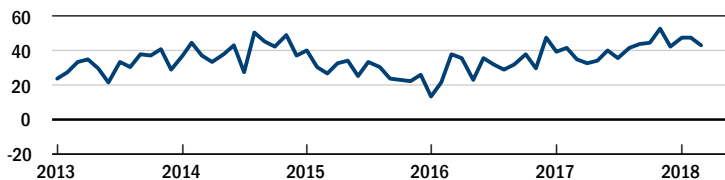
Expectations Six Months Ahead

## General Business Conditions



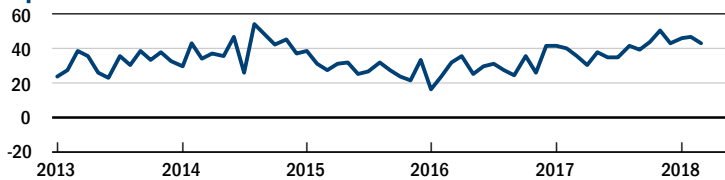
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 58.6              | 8.2   | 50.5  |
| Mar    | 51.9              | 7.8   | 44.1  |
| Change |                   |       | -6.4  |

## New Orders



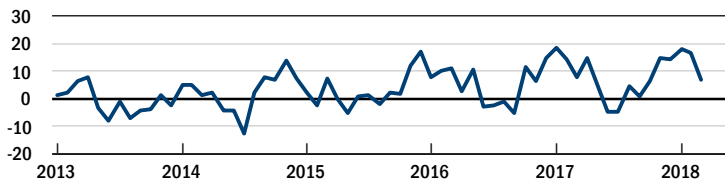
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 55.1              | 7.8   | 47.2  |
| Mar    | 50.7              | 7.7   | 43.0  |
| Change |                   |       | -4.2  |

## Shipments



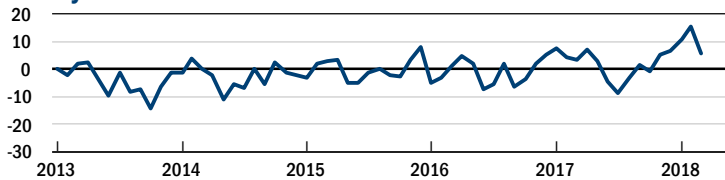
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 55.6              | 8.9   | 46.7  |
| Mar    | 50.4              | 7.1   | 43.3  |
| Change |                   |       | -3.4  |

## Unfilled Orders



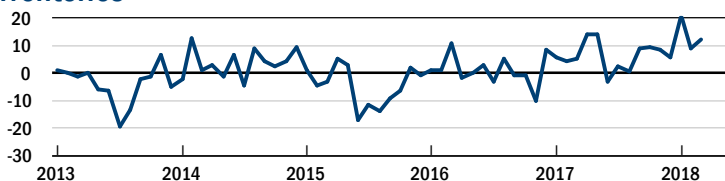
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 23.6              | 6.9   | 16.7  |
| Mar    | 17.6              | 10.6  | 7.0   |
| Change |                   |       | -9.7  |

## Delivery Time



|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 23.6              | 8.3   | 15.3  |
| Mar    | 16.9              | 11.3  | 5.6   |
| Change |                   |       | -9.7  |

## Inventories

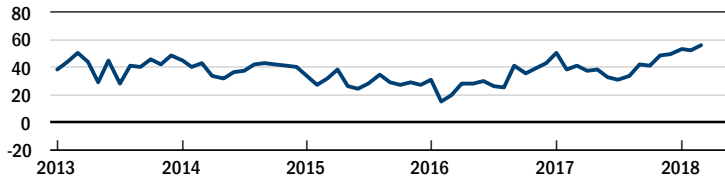


|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 29.2              | 20.1  | 9.0   |
| Mar    | 26.1              | 14.1  | 12.0  |
| Change |                   |       | 3.0   |

# Forward-Looking Indicators, *continued*

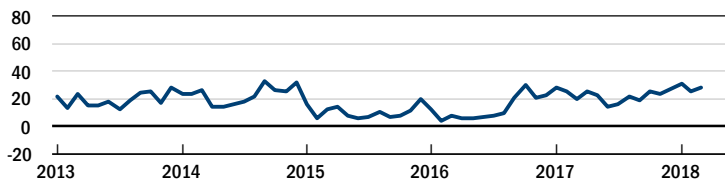
Expectations Six Months Ahead

## Prices Paid



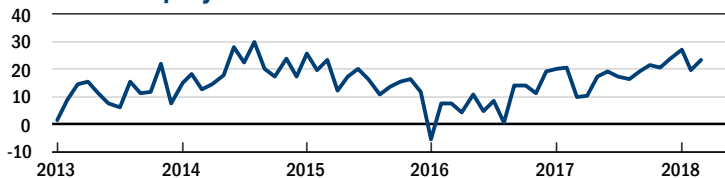
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 55.6              | 3.5   | 52.1  |
| Mar    | 59.4              | 3.5   | 55.9  |
| Change |                   |       | 3.8   |

## Prices Received



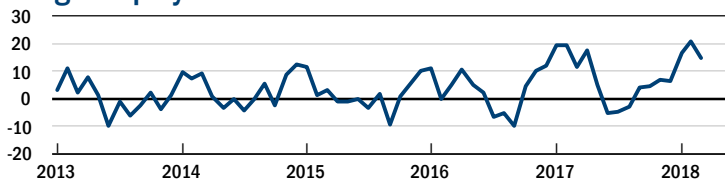
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 31.3              | 5.6   | 25.7  |
| Mar    | 34.3              | 6.3   | 28.0  |
| Change |                   |       | 2.3   |

## Number of Employees



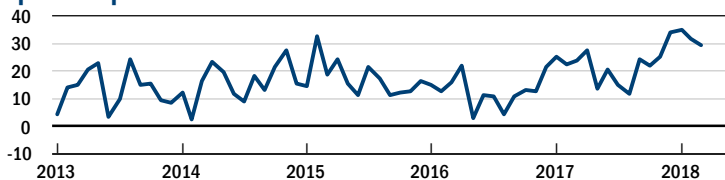
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 30.7              | 11.3  | 19.5  |
| Mar    | 34.7              | 11.5  | 23.3  |
| Change |                   |       | 3.8   |

## Average Employee Workweek



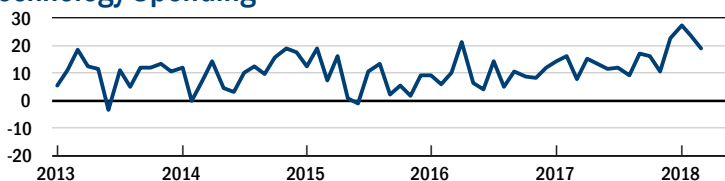
|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 25.0              | 4.2   | 20.8  |
| Mar    | 21.0              | 6.3   | 14.7  |
| Change |                   |       | -6.1  |

## Capital Expenditures



|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 41.7              | 9.7   | 31.9  |
| Mar    | 39.2              | 9.8   | 29.4  |
| Change |                   |       | -2.5  |

## Technology Spending



|        | Percent Reporting |       | Index |
|--------|-------------------|-------|-------|
|        | Higher            | Lower |       |
| Feb    | 29.2              | 5.6   | 23.6  |
| Mar    | 26.6              | 7.7   | 18.9  |
| Change |                   |       | -4.7  |

Note: Data are seasonally adjusted.