

Empire State Manufacturing Survey

Business activity grew at a solid clip in New York State, according to firms responding to the April 2018 *Empire State Manufacturing Survey*. The headline general business conditions index, at 15.8, remained firmly in positive territory, although its seven-point decline from its March level pointed to a somewhat slower pace of growth. Similarly, the new orders index and the shipments index suggested ongoing, albeit more measured, growth, with the first index falling eight points to 9.0 and the second declining ten points to 17.5. Delivery times continued to lengthen, and inventories moved higher. Labor market indicators pointed to a small increase in employment and significantly longer workweeks. The indexes for both prices paid and prices received remained elevated. Firms' optimism about the six-month outlook waned sharply, with the index for future business conditions plunging twenty-six points to its lowest level in more than two years.

Business Activity Grows at a Somewhat Slower Pace

Manufacturing firms in New York State reported that business activity continued to expand, though at a somewhat slower pace than in March. The general business conditions index fell seven points to 15.8. Thirty-eight percent of respondents reported that conditions had improved over the month, while 22 percent reported that conditions had worsened. The new orders index fell eight points to 9.0, and the shipments index declined ten points to 17.5, indicating that orders and shipments expanded, but less so than last month. Unfilled orders edged higher, and inventories increased. The delivery time index was little changed at 15.6, a sign that delivery times continued to lengthen.

Price Indexes Remain Elevated

The index for number of employees declined three points to 6.0, a level pointing to a modest increase in employment. Moving in the opposite direction, the average workweek index climbed

eleven points to 16.9, indicating a significant increase in hours worked. Price increases remained elevated. The prices paid index edged down three points to 47.4, just slightly below last month's multiyear high. The prices received index was little changed at 20.7, a level suggesting ongoing moderate selling price increases.

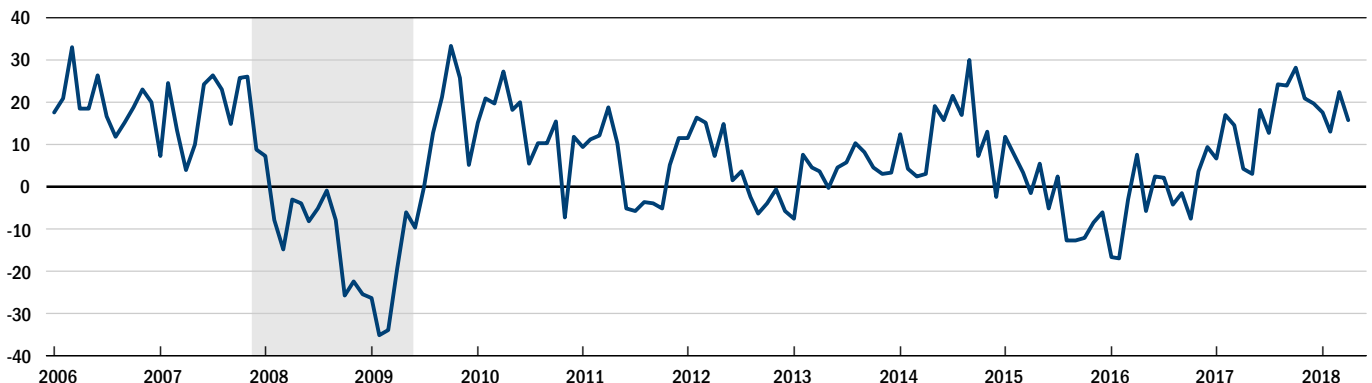
Optimism Tumbles

Optimism about the six-month outlook plunged among manufacturing firms. The index for future business conditions slipped twenty-six points to 18.3, its lowest level in more than two years. After reaching its highest level in several years last month, the index for future prices paid was little changed, indicating a widespread expectation that input prices would increase in the months ahead. The index for future prices received edged higher. The capital expenditures index posted its third consecutive monthly decline, though at 25.2, it suggested that firms plan to increase capital spending in the months ahead. ■

General Business Conditions

Seasonally Adjusted

Diffusion Index

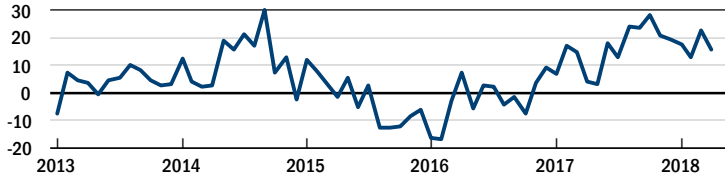


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

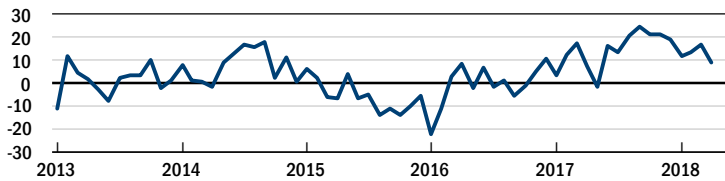
Change from Preceding Month

General Business Conditions



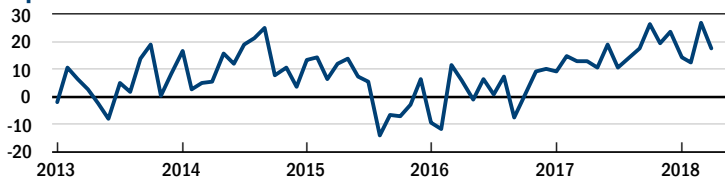
	Percent Reporting		Index
	Higher	Lower	
Mar	37.9	15.3	22.5
Apr	37.9	22.1	15.8
Change			-6.7

New Orders



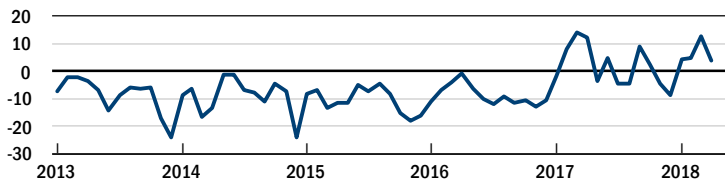
	Percent Reporting		Index
	Higher	Lower	
Mar	39.2	22.4	16.8
Apr	33.4	24.4	9.0
Change			-7.8

Shipments



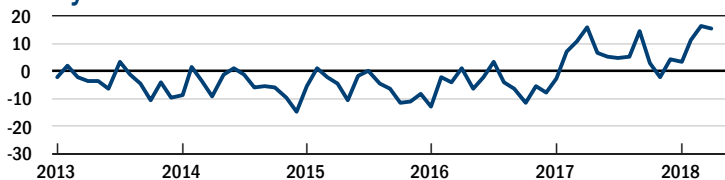
	Percent Reporting		Index
	Higher	Lower	
Mar	42.4	15.4	27.0
Apr	35.5	18.0	17.5
Change			-9.5

Unfilled Orders



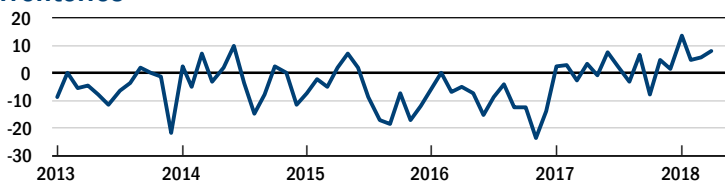
	Percent Reporting		Index
	Higher	Lower	
Mar	26.8	14.1	12.7
Apr	20.0	16.3	3.7
Change			-9.0

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Mar	21.8	5.6	16.2
Apr	24.4	8.9	15.6
Change			-0.6

Inventories

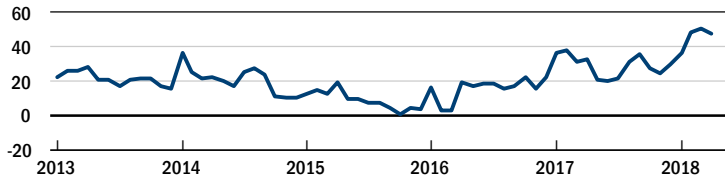


	Percent Reporting		Index
	Higher	Lower	
Mar	22.5	16.9	5.6
Apr	27.4	19.3	8.1
Change			2.5

Current Indicators, *continued*

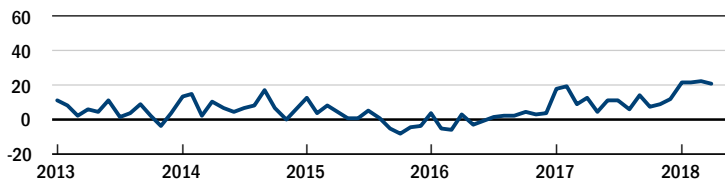
Change from Preceding Month

Prices Paid



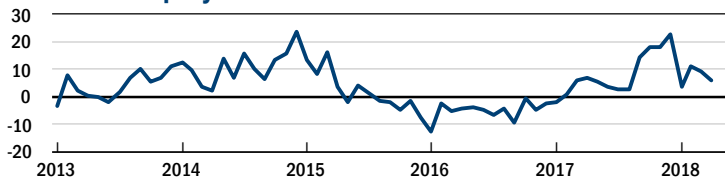
	Percent Reporting		Index
	Higher	Lower	
Mar	53.1	2.8	50.3
Apr	48.9	1.5	47.4
Change			-2.9

Prices Received



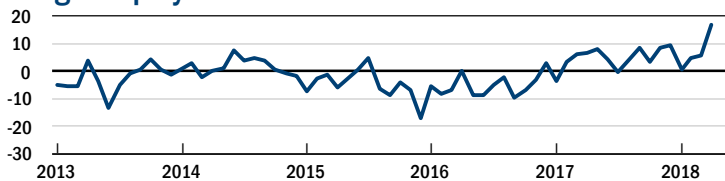
	Percent Reporting		Index
	Higher	Lower	
Mar	26.6	4.2	22.4
Apr	25.9	5.2	20.7
Change			-1.7

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Mar	25.8	16.4	9.4
Apr	16.4	10.4	6.0
Change			-3.4

Average Employee Workweek



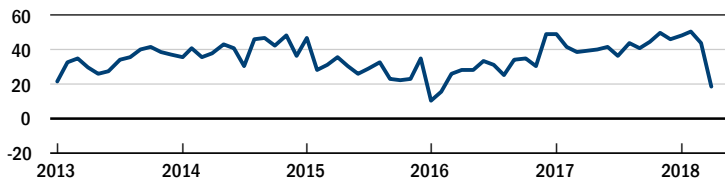
	Percent Reporting		Index
	Higher	Lower	
Mar	18.6	12.7	5.9
Apr	23.4	6.5	16.9
Change			11.0

Note: Data are seasonally adjusted.

Forward-Looking Indicators

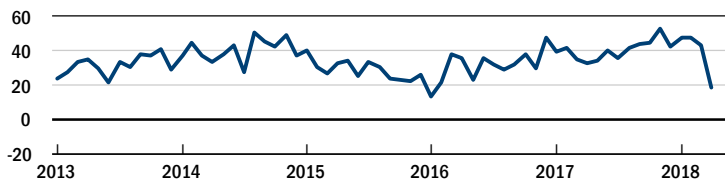
Expectations Six Months Ahead

General Business Conditions



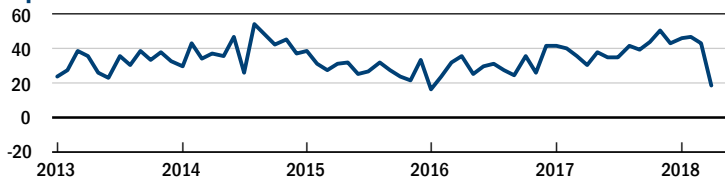
	Percent Reporting		Index
	Higher	Lower	
Mar	51.9	7.8	44.1
Apr	40.3	21.9	18.3
Change			-25.8

New Orders



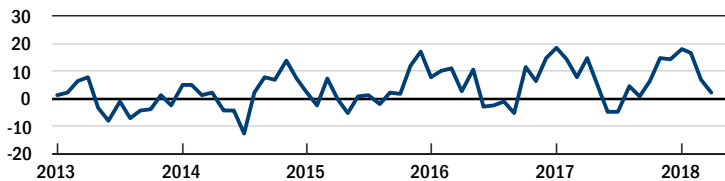
	Percent Reporting		Index
	Higher	Lower	
Mar	50.7	7.7	43.0
Apr	39.3	20.8	18.5
Change			-24.5

Shipments



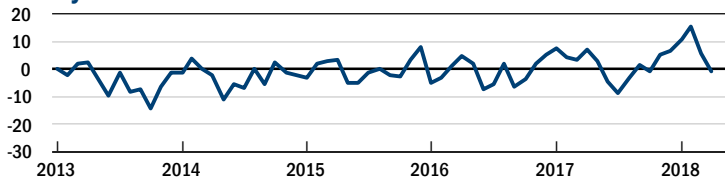
	Percent Reporting		Index
	Higher	Lower	
Mar	50.4	7.1	43.3
Apr	39.9	21.4	18.5
Change			-24.8

Unfilled Orders



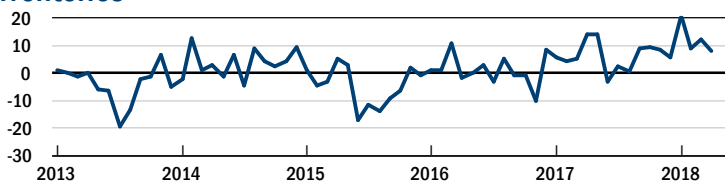
	Percent Reporting		Index
	Higher	Lower	
Mar	17.6	10.6	7.0
Apr	16.3	14.1	2.2
Change			-4.8

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Mar	16.9	11.3	5.6
Apr	13.3	14.1	-0.7
Change			-6.3

Inventories

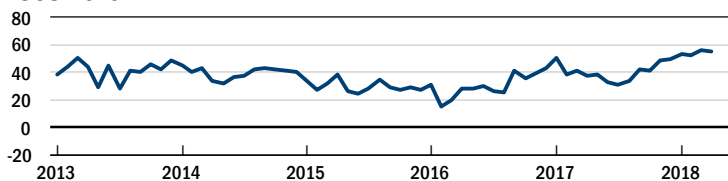


	Percent Reporting		Index
	Higher	Lower	
Mar	26.1	14.1	12.0
Apr	28.1	20.0	8.1
Change			-3.9

Forward-Looking Indicators, *continued*

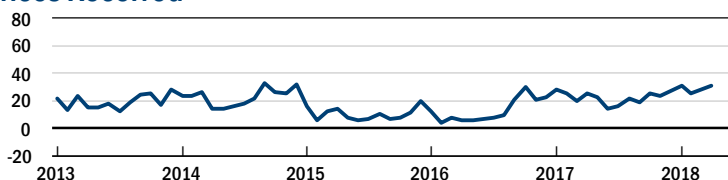
Expectations Six Months Ahead

Prices Paid



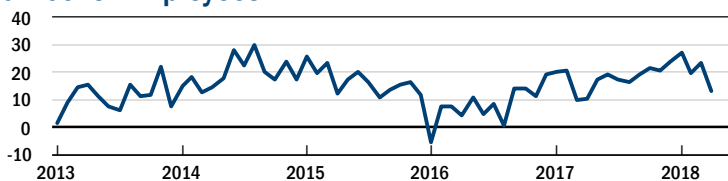
	Percent Reporting		Index
	Higher	Lower	
Mar	59.4	3.5	55.9
Apr	57.0	2.2	54.8
Change			-1.1

Prices Received



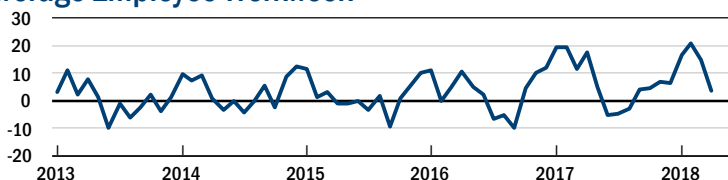
	Percent Reporting		Index
	Higher	Lower	
Mar	34.3	6.3	28.0
Apr	37.0	5.9	31.1
Change			3.1

Number of Employees



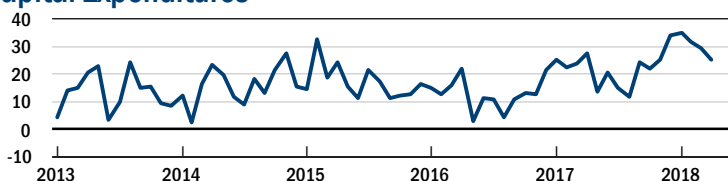
	Percent Reporting		Index
	Higher	Lower	
Mar	34.7	11.5	23.3
Apr	28.4	15.3	13.1
Change			-10.2

Average Employee Workweek



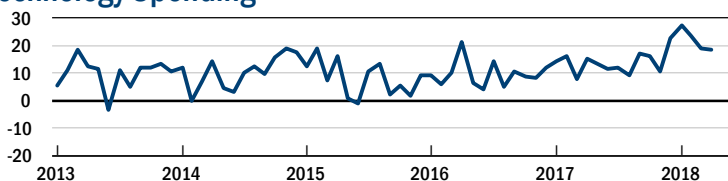
	Percent Reporting		Index
	Higher	Lower	
Mar	21.0	6.3	14.7
Apr	17.0	13.3	3.7
Change			-11.0

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Mar	39.2	9.8	29.4
Apr	34.8	9.6	25.2
Change			-4.2

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Mar	26.6	7.7	18.9
Apr	24.4	5.9	18.5
Change			-0.4

Note: Data are seasonally adjusted.