

Empire State Manufacturing Survey

Business activity continued to grow at a solid clip in New York State, according to firms responding to the January 2018 *Empire State Manufacturing Survey*. The headline general business conditions index, at 17.7, was little changed from last month's level. The new orders index and the shipments index both showed ongoing growth, although at a slower pace than in December. Unfilled orders and delivery times increased slightly, and inventory levels were higher. Labor market conditions pointed to a modest increase in employment and steady workweeks. Both input prices and selling prices increased at a faster pace than last month. Firms remained very optimistic about future business conditions and capital spending plans were robust.

Conditions Remain Favorable

Manufacturing firms in New York State reported that business activity continued to expand strongly. The

general business conditions index was little changed at 17.7. Thirty-two percent of respondents reported that conditions had improved over the month, while 15 percent reported that conditions had worsened. The new orders index moved down seven points to 11.9, and the shipments index declined nine points to 14.4—readings that indicated ongoing growth in orders and shipments, although at a slower pace than last month. The unfilled orders index climbed into positive territory and, at 4.3, indicated a small increase in unfilled orders. The delivery time index was 3.6, indicating that delivery times lengthened somewhat, and the inventories index rose to 13.8, a sign that inventory levels grew moderately.

Price Increases Pick Up for a Second Consecutive Month

The index for number of employees fell nineteen points to 3.8, a level suggesting

only a small increase in employment levels. The average workweek index fell to a level near zero, indicating that hours worked were unchanged. Price increases continued to pick up. The prices paid index climbed seven points to 36.2, and the prices received index moved up ten points to 21.7.

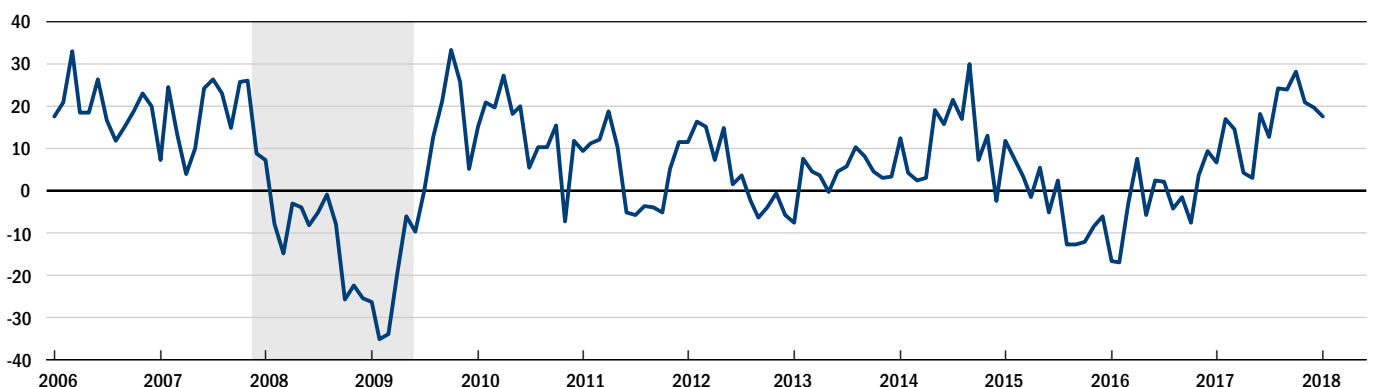
Firms Remain Optimistic about Future Conditions

Looking ahead, firms remained optimistic about the six-month outlook. The index for future business conditions edged up two points to 48.6. The index for future inventories rose to 20.3, a record high, indicating that firms expect to build up inventories significantly in the months ahead. The index for future number of employees rose three points to 26.9, a multiyear high. The capital expenditures index edged up to 34.8, also a multiyear high, suggesting capital spending plans were solid. ■

General Business Conditions

Seasonally Adjusted

Diffusion Index

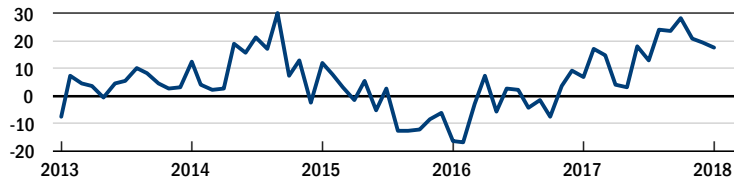


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

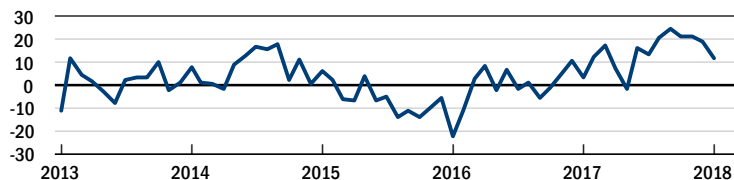
Change from Preceding Month

General Business Conditions



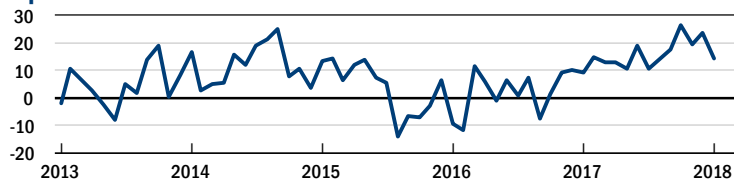
	Percent Reporting		Index
	Higher	Lower	
Dec	37.6	18.0	19.6
Jan	32.4	14.7	17.7
Change			-1.9

New Orders



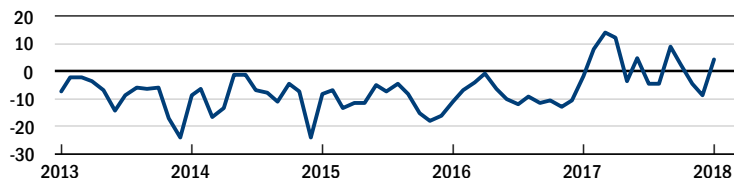
	Percent Reporting		Index
	Higher	Lower	
Dec	41.1	22.1	19.0
Jan	30.5	18.5	11.9
Change			-7.1

Shipments



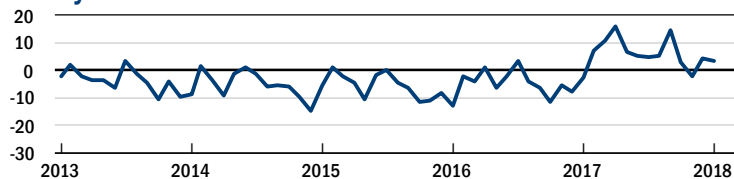
	Percent Reporting		Index
	Higher	Lower	
Dec	40.4	16.9	23.5
Jan	34.4	20.0	14.4
Change			-9.1

Unfilled Orders



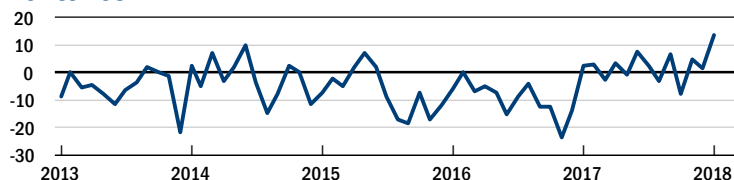
	Percent Reporting		Index
	Higher	Lower	
Dec	13.8	22.5	-8.7
Jan	15.9	11.6	4.3
Change			13.0

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Dec	15.9	11.6	4.3
Jan	13.0	9.4	3.6
Change			-0.7

Inventories

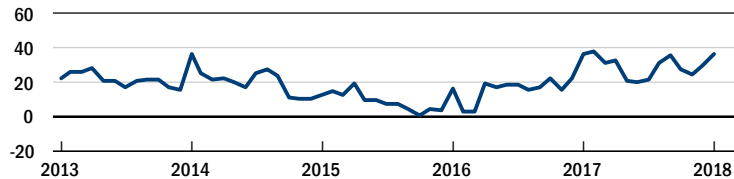


	Percent Reporting		Index
	Higher	Lower	
Dec	23.2	21.7	1.4
Jan	23.9	10.1	13.8
Change			12.4

Current Indicators, *continued*

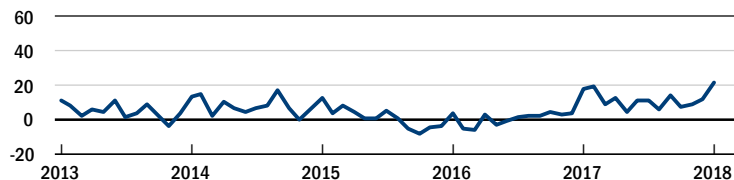
Change from Preceding Month

Prices Paid



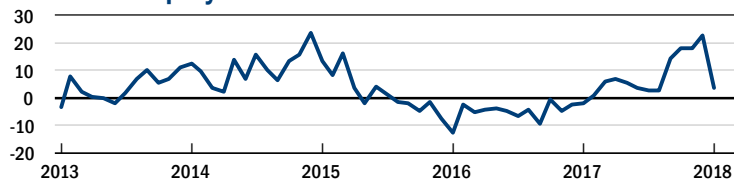
	Percent Reporting		Index
	Higher	Lower	
Dec	31.2	1.4	29.7
Jan	39.9	3.6	36.2
Change			6.5

Prices Received



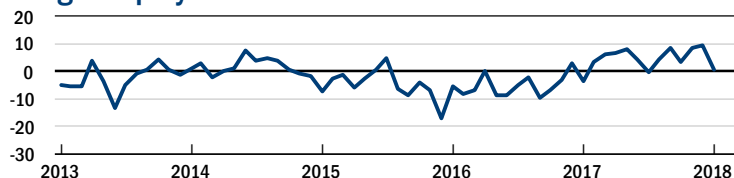
	Percent Reporting		Index
	Higher	Lower	
Dec	17.4	5.8	11.6
Jan	24.6	2.9	21.7
Change			10.1

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Dec	33.0	10.1	22.9
Jan	15.6	11.8	3.8
Change			-19.1

Average Employee Workweek



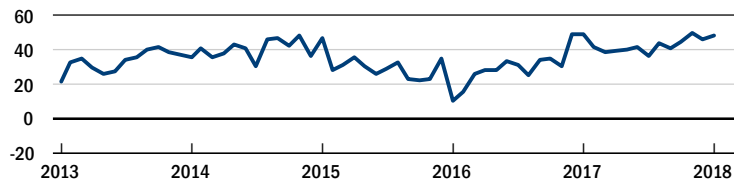
	Percent Reporting		Index
	Higher	Lower	
Dec	19.9	10.6	9.3
Jan	11.5	10.7	0.8
Change			-8.5

Note: Data are seasonally adjusted.

Forward-Looking Indicators

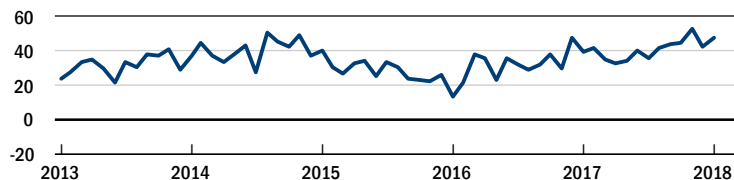
Expectations Six Months Ahead

General Business Conditions



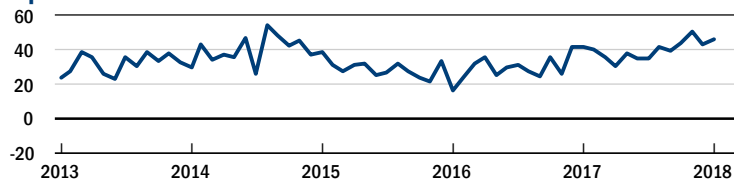
	Percent Reporting		Index
	Higher	Lower	
Dec	56.9	10.7	46.3
Jan	61.5	12.9	48.6
Change			2.3

New Orders



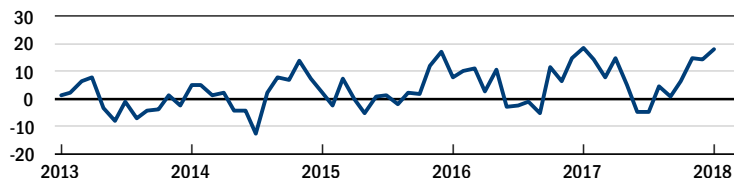
	Percent Reporting		Index
	Higher	Lower	
Dec	57.6	14.9	42.7
Jan	58.0	10.4	47.6
Change			4.9

Shipments



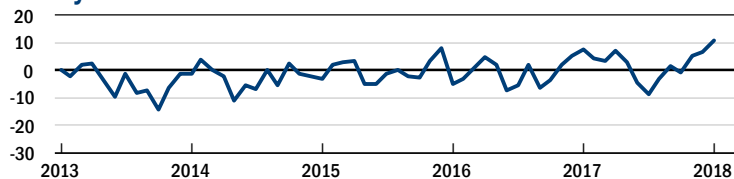
	Percent Reporting		Index
	Higher	Lower	
Dec	55.8	12.6	43.2
Jan	58.0	11.6	46.3
Change			3.1

Unfilled Orders



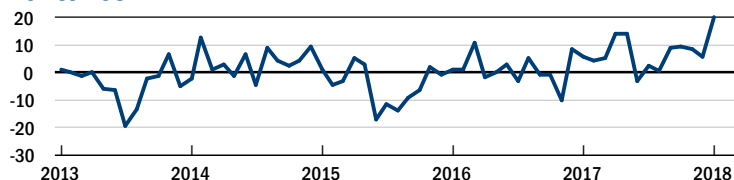
	Percent Reporting		Index
	Higher	Lower	
Dec	23.9	9.4	14.5
Jan	25.4	7.2	18.1
Change			3.6

Delivery Time



	Percent Reporting		Index
	Higher	Lower	
Dec	16.7	10.1	6.5
Jan	17.4	6.5	10.9
Change			4.4

Inventories

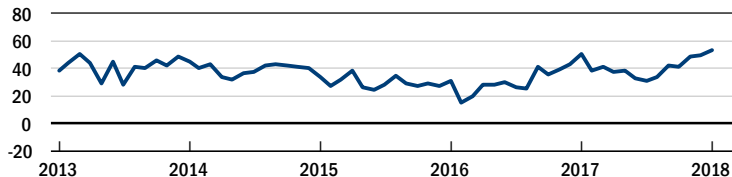


	Percent Reporting		Index
	Higher	Lower	
Dec	26.1	20.3	5.8
Jan	31.2	10.9	20.3
Change			14.5

Forward-Looking Indicators, *continued*

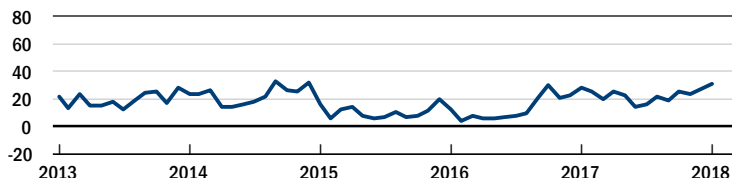
Expectations Six Months Ahead

Prices Paid



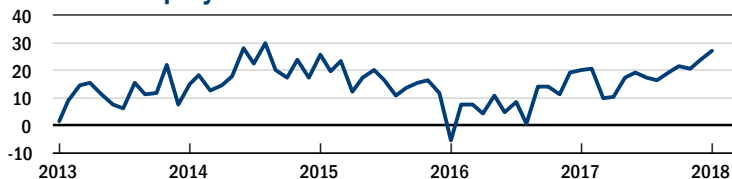
	Percent Reporting		Index
	Higher	Lower	
Dec	55.1	5.1	50.0
Jan	55.1	2.2	52.9
Change			2.9

Prices Received



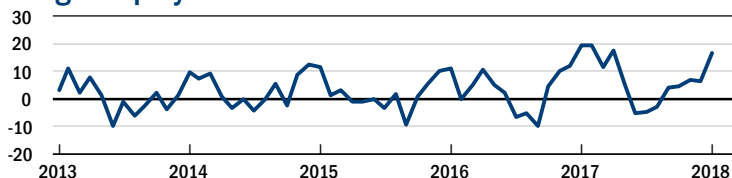
	Percent Reporting		Index
	Higher	Lower	
Dec	38.4	10.9	27.5
Jan	33.3	2.2	31.2
Change			3.7

Number of Employees



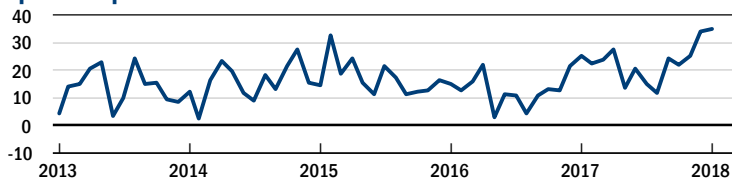
	Percent Reporting		Index
	Higher	Lower	
Dec	34.2	10.2	24.0
Jan	32.9	6.0	26.9
Change			2.9

Average Employee Workweek



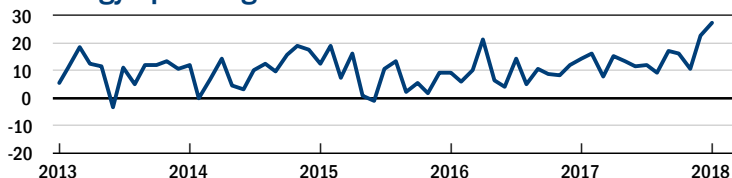
	Percent Reporting		Index
	Higher	Lower	
Dec	19.6	13.0	6.5
Jan	24.6	8.0	16.7
Change			10.2

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Dec	42.8	8.7	34.1
Jan	41.3	6.5	34.8
Change			0.7

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Dec	31.2	8.7	22.5
Jan	33.3	5.8	27.5
Change			5.0

Note: Data are seasonally adjusted.