

# Supplemental Survey Report

## Businesses Foresee Little Change in Growth of Input Prices, Wages in 2018

Supplementary questions to the December *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on recent and expected changes in the prices paid by firms for several major budget categories, including wages, employee benefits, insurance, energy, and other commodities. The same set of questions had been asked in surveys conducted in December 2016 and earlier.

In the current survey, service firms reported that prices paid overall rose by roughly 4 percent, on average, in 2017—about the same average increase as reported in last December’s survey—and said they expected them to rise at about the same pace in 2018. Manufacturers reported a somewhat higher 4.4 percent average rise in input prices for 2017; they expected price increases to accelerate slightly to a 4.8 percent pace in 2018. Among the broad budget categories, employee benefits once again exhibited

the steepest price increases—both actual and expected. Both manufacturers and service firms reported that such costs rose by 6.3 percent, on average, over the past year, and anticipated a similar rise next year. Wage increases have remained fairly subdued at a little more than 3 percent in 2017; looking ahead to 2018, service sector respondents said they expected wages to expand by 2.9 percent, while manufacturers projected a slight pickup to 3.7 percent, on average. Energy costs were expected to rise by less than 3 percent next year. Price changes for these and a few other major categories are shown in the attached charts and tables.

Respondents were also asked to gauge the likelihood that the prices they paid overall would increase or decrease within certain specified ranges. The average manufacturing respondent reported a 70 percent chance that prices paid would rise by at least 2 percent, and an

18 percent chance that they would rise by at least 8 percent. These estimates reflect a somewhat higher perceived chance of rising costs than in last year’s survey. The average service firm cited a 61 percent chance that prices paid would rise by at least 2 percent and just a 10 percent chance they would rise by 8 percent or more—about the same as in last December’s survey. The average respondent in both manufacturing and services saw a less than 5 percent chance that input prices would decline by 2 percent or more.

Finally, businesses were asked how they expected their selling prices to change over the next year. The average expected increase in the current survey was 2.1 percent among both service firms and manufacturers. For manufacturers, this estimate represented a slight deceleration from expectations reported in last year’s survey; for service firms, it showed little change. ■

## Supplemental Survey Report, *continued*

### QUESTION 1

For each of the following budget categories, please indicate the approximate percentage change in the price you paid in 2017 and the expected percentage change in the price in 2018:

	Empire State Manufacturing Survey		Business Leaders Survey	
	Average Percentage Change Reported for 2017	Average Percentage Change Expected for 2018	Average Percentage Change Reported for 2017	Average Percentage Change Expected for 2018
Wages	3.4	3.7	3.1	2.9
Employee benefits	6.3	6.2	6.3	6.6
Insurance (e.g., liability, fire)	3.4	3.2	3.8	3.7
Outside services	2.8	2.6	2.9	1.9
Energy	2.0	2.9	2.0	2.3
Other commodities	3.7	3.4	2.0	1.5
Overall	4.4	4.8	3.9	3.9

### QUESTION 2

What would you say is the percent chance that, over the next twelve months, your prices paid will . . .

	Empire State Manufacturing Survey		Business Leaders Survey	
	Average Percent Chance of Specified Price Change*		Average Percent Chance of Specified Price Change*	
	December 2017 Survey	December 2016 Survey	December 2017 Survey	December 2016 Survey
Increase 8 percent or more	17.6	11.7	10.3	11.6
Increase 2 to 8 percent	51.8	49.1	50.6	49.7
Stay within 2 percent of current levels	26.7	33.5	35.0	33.8
Decrease 2 to 8 percent	2.6	4.0	3.4	3.9
Decrease 8 percent or more	1.4	1.7	0.7	1.0

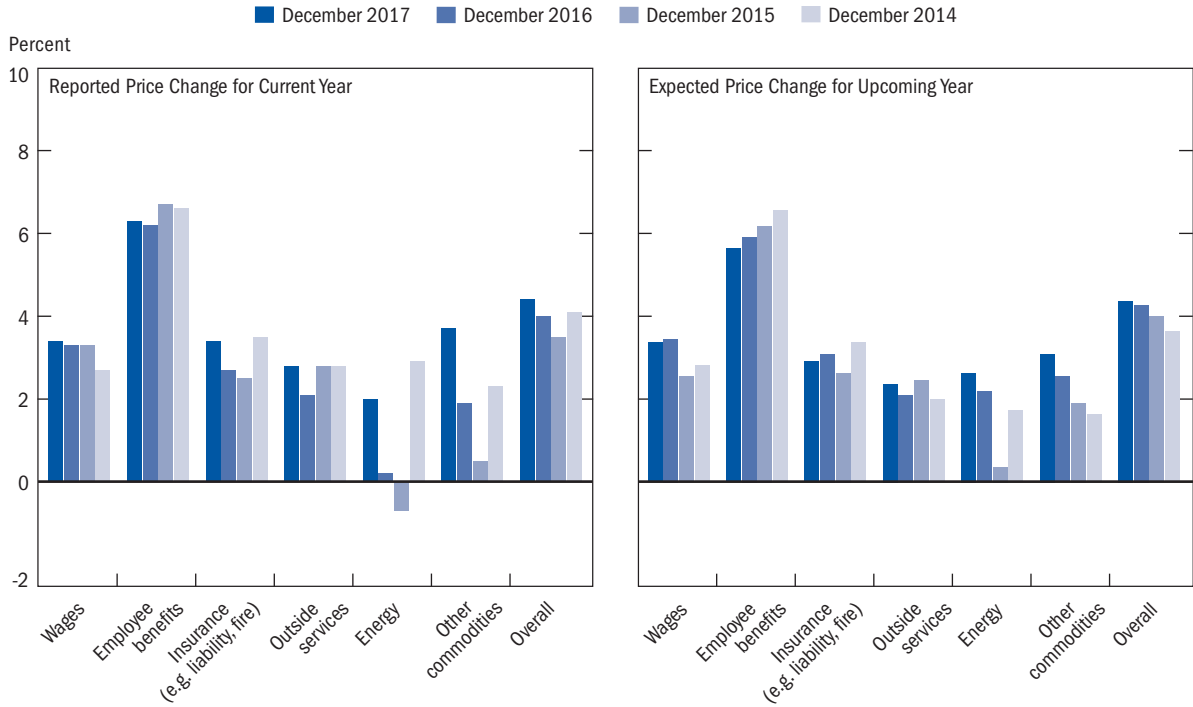
\*Survey respondents were asked to assign a specific percent chance to each possible outcome; the values reported in this table reflect the average indicated percent chance across all respondents.

# Supplemental Survey Report, *continued*

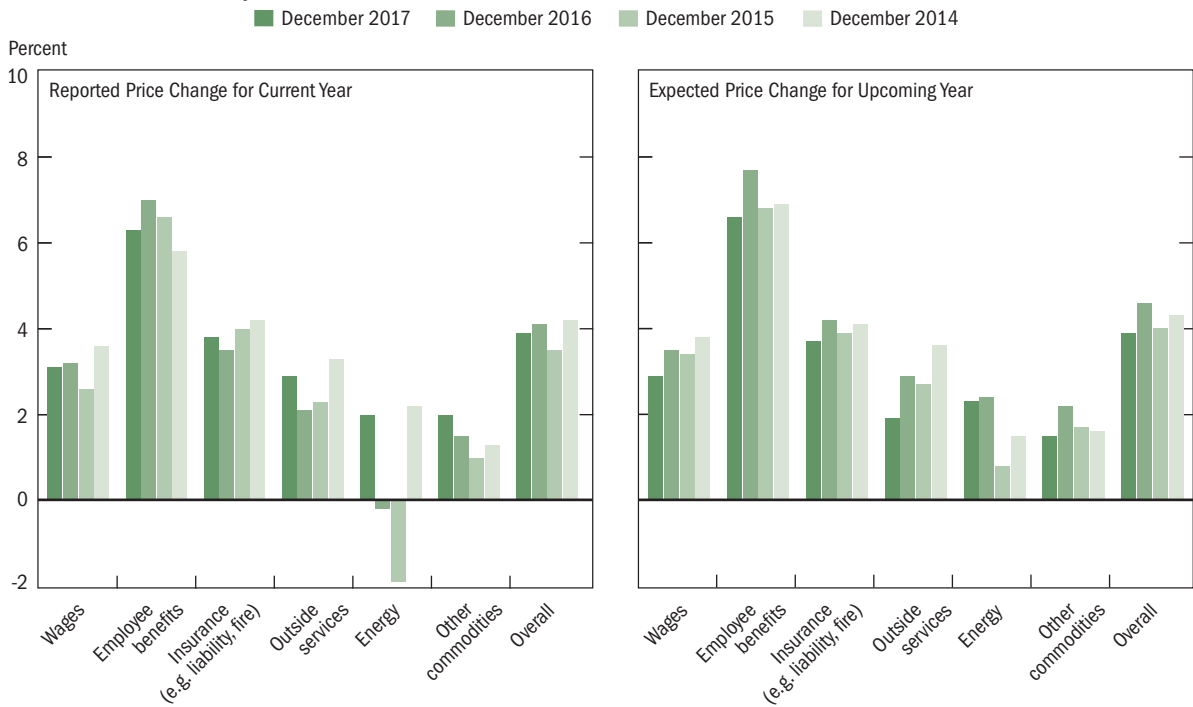
## HISTORICAL OVERVIEW FOR QUESTION 1

For each of the following budget categories, please indicate the approximate percentage change in the price you paid in 2017 and the expected percentage change in the price in 2018:

### Empire State Manufacturing Survey



### Business Leaders Survey



# Supplemental Survey Report, *continued*

## HISTORICAL OVERVIEW FOR QUESTION 3

Please estimate the percentage change in your firm's *selling prices* over the next year:

