March 2004

Empire State Manufacturing Survey

For release: March 15, 2004 8:30 a.m.

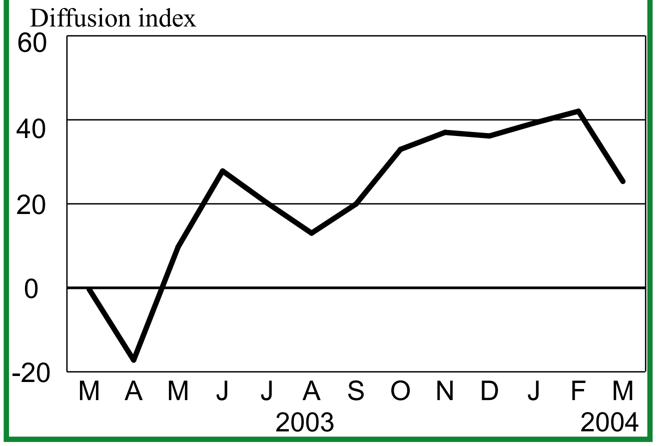
Summary
The *Empire State Manufacturing Survey* indicates that conditions for New York manufacturers continued to improve in March. The general business conditions index fell from February's level, but remained solidly positive at 25.3. The new orders and shipments indexes were also below last month's levels, but indicated ongoing improvement. The indexes for prices paid and prices received rose to record levels. Employment indexes remained positive but were below February levels. Future indexes reflected continued high optimism, although at somewhat lower levels than in previous months.

Business Conditions Continue to Improve
The general business conditions index dropped to 25.3 in March. In falling below its levels of the past several months and nearly 17 points below its February high, the index indicated continued improvement but at a slower pace. Forty-three percent of respondents reported improved business conditions, while 17 percent reported deterioration. The new orders index posted a less pronounced drop, from 34.9 to 23.5. Nineteen percent of respondents—an increase from 14 percent in February—reported a fall in orders, while 43 percent—a decrease of several points from last month—reported a rise. The unfilled orders index remained positive, falling slightly from last month to 3.3. The shipments index, at 26.3, remained near last month's level.

Delivery Time Lengthens and Prices Rise
The delivery time index rose to a record high of 10.8 in March. Twenty-two percent of respondents reported longer delivery times, up from 12 percent in February, while 11 percent reported shorter times. The inventories index fell several points to 3.9, indicating little overall change in inventories in March.

The prices paid index rose sharply—nearly 20 points—to a record-high 50.0. For the first time in the survey's history, no respondents reported a decline in prices paid, while half reported rising prices. The prices received index was positive for a third consecutive month, reaching a new high of 11.8. Twenty-one percent of respondents reported receiving higher prices, up from 15 percent last month, while 9 percent—a fraction similar to that of the past few months—reported a decline in prices received.

General Business Conditions



The employment indexes, although somewhat lower than the levels of recent months, were both positive for a sixth consecutive month. The number of employees index fell to 9.7, with 20 percent reporting an increase in hiring and 10 percent reporting a decline. The average workweek index fell 15 points to 11.9—well below levels recorded in January and February but still indicating ongoing improvement in March.

The Outlook Remains Positive
Future indexes indicated continuing optimism about conditions six months ahead. The future general business conditions index was 53.0, with 64 percent of respondents expecting conditions to improve and 11 percent expecting conditions to deteriorate. Indexes for future new orders and shipments also indicated ongoing optimism, but at levels somewhat below the preceding several months. Prices were expected to rise—the future prices paid index climbed to a record-high 47.1, while the future prices received index, at 15.7, was positive for a seventh consecutive month. Future employment indexes were also positive. The capital expenditures index, at 34.3, was little changed from February.

Note:
Diffusion indexes are calculated for each indicator by subtracting the percent of respondents reporting the indicator lower from the previous month from those reporting the indicator higher. Thus positive values signify that more respondents report the indicator higher from the previous month than lower.
Data are seasonally adjusted to control for seasonal variations

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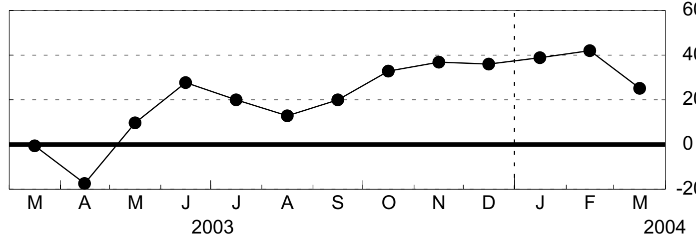
Empire State Manufacturing Survey, March 2004
Seasonally Adjusted

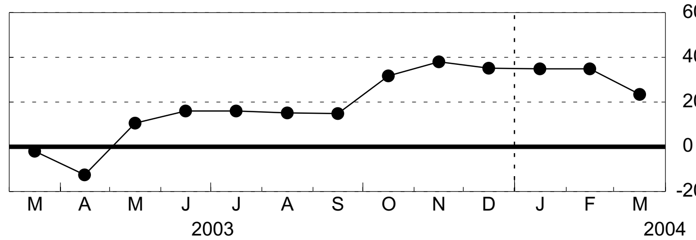
General Business Conditions

	Higher	Same	Lower	Index
Feb	52.51	37.03	10.46	42.05
Mar	43.00	39.33	17.67	25.33



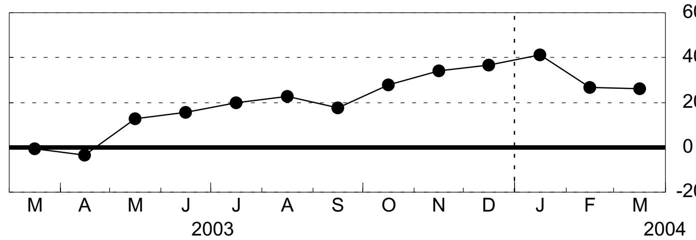
New Orders

	Higher	Same	Lower	Index
Feb	48.91	37.12	13.97	34.94
Mar	42.88	37.76	19.36	23.52



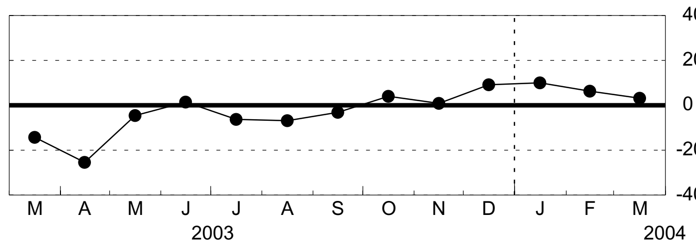
Shipments

	Higher	Same	Lower	Index
Feb	43.91	38.80	17.29	26.61
Mar	42.67	40.92	16.42	26.25



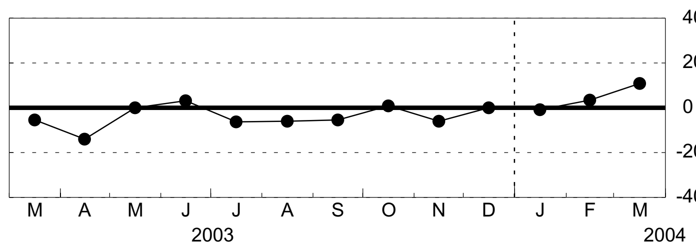
Unfilled Orders

	Higher	Same	Lower	Index
Feb	24.39	57.70	17.91	6.48
Mar	26.65	50.02	23.33	3.32



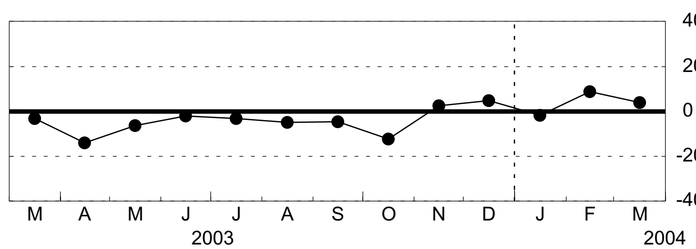
Delivery Time

	Higher	Same	Lower	Index
Feb	12.07	79.31	8.62	3.45
Mar	21.57	67.65	10.78	10.78



Inventories

	Higher	Same	Lower	Index
Feb	27.59	53.45	18.97	8.62
Mar	30.39	43.14	26.47	3.92



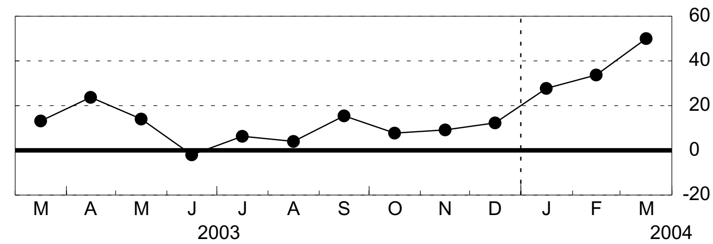
Empire State Manufacturing Survey, March 2004

Seasonally Adjusted

Prices Paid

	Higher	Same	Lower	Index
Feb	38.79	56.03	5.17	33.62
Mar	50.00	50.00	0.00	50.00

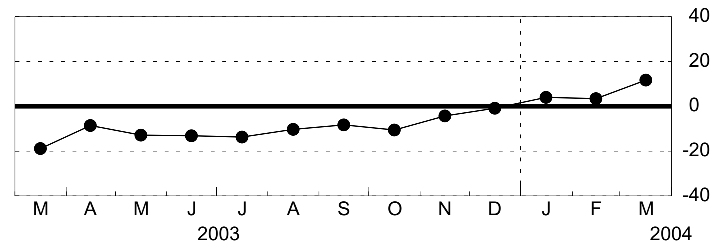
Prices Paid - Diffusion Index



Prices Received

	Higher	Same	Lower	Index
Feb	14.66	74.14	11.21	3.45
Mar	20.59	70.59	8.82	11.76

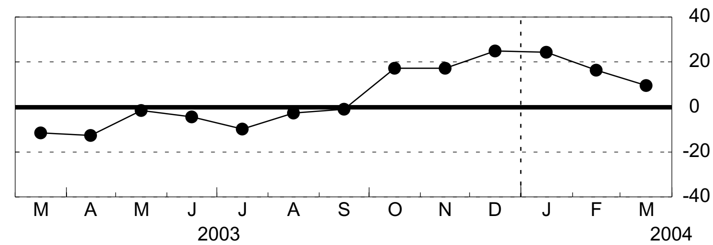
Prices Received - Diffusion Index



No. of Employees

	Higher	Same	Lower	Index
Feb	27.74	61.05	11.21	16.54
Mar	19.52	70.68	9.80	9.72

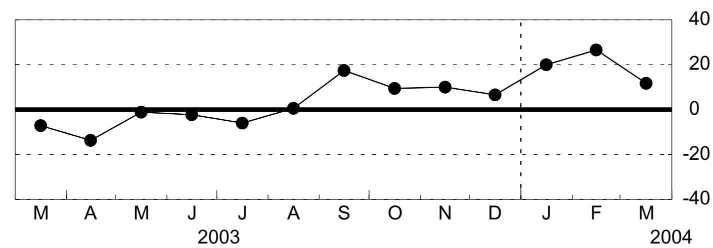
No. of Employees - Diffusion Index



Average Employee Workweek

	Higher	Same	Lower	Index
Feb	34.30	57.95	7.76	26.54
Mar	20.68	70.49	8.82	11.86

Average Employee Workweek - Diffusion Index



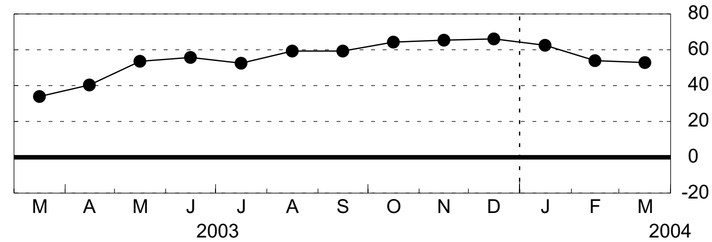
Empire State Manufacturing Survey, March 2004, Expectations Six Months Ahead

Seasonally Adjusted

General Business Conditions

	Higher	Same	Lower	Index
Feb	57.91	38.10	3.99	53.93
Mar	63.66	25.71	10.63	53.03

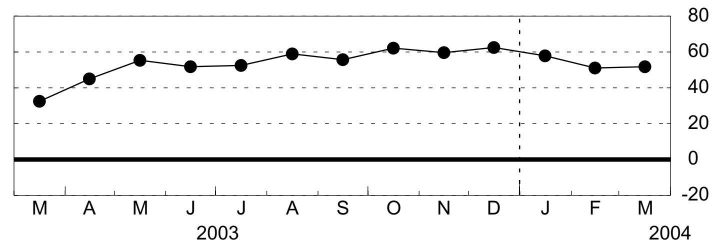
General Business Conditions - Diffusion Index



New Orders

	Higher	Same	Lower	Index
Feb	56.96	37.22	5.83	51.13
Mar	62.10	27.34	10.56	51.55

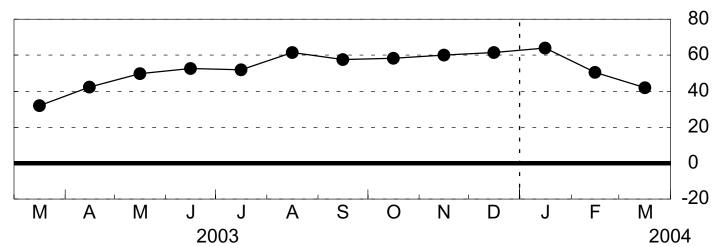
New Orders - Diffusion Index



Shipments

	Higher	Same	Lower	Index
Feb	57.25	35.91	6.83	50.42
Mar	57.15	27.80	15.05	42.10

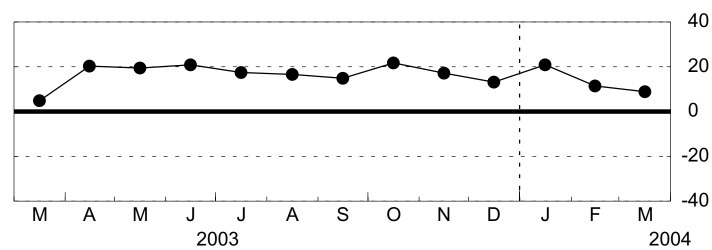
Shipments - Diffusion Index



Unfilled Orders

	Higher	Same	Lower	Index
Feb	22.98	65.47	11.55	11.43
Mar	21.46	66.01	12.53	8.92

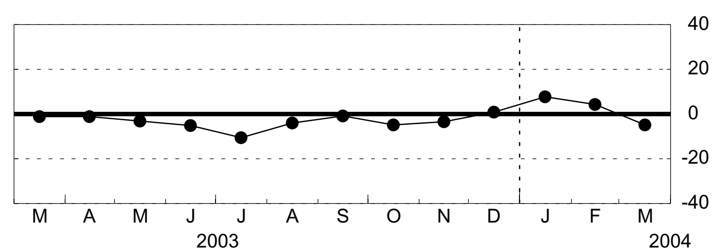
Unfilled Orders - Diffusion Index



Delivery Time

	Higher	Same	Lower	Index
Feb	16.38	71.55	12.07	4.31
Mar	10.78	73.53	15.69	-4.90

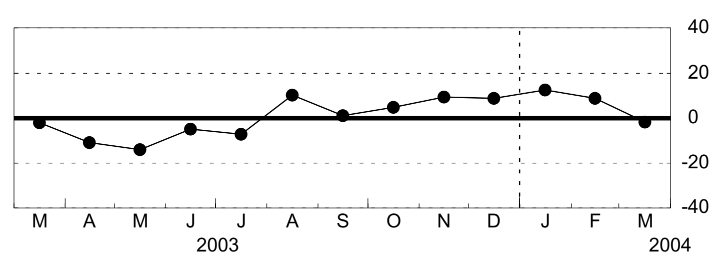
Delivery Time - Diffusion Index



Inventories

	Higher	Same	Lower	Index
Feb	28.45	51.72	19.83	8.62
Mar	27.45	43.14	29.41	-1.96

Inventories - Diffusion Index



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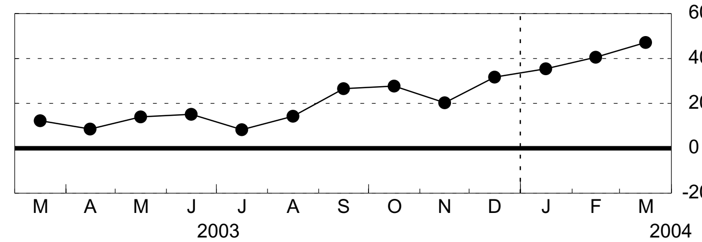
Empire State Manufacturing Survey, March 2004, Expectations Six Months Ahead

Seasonally Adjusted

Prices Paid

	Higher	Same	Lower	Index
Feb	44.83	50.86	4.31	40.52
Mar	48.04	50.98	0.98	47.06

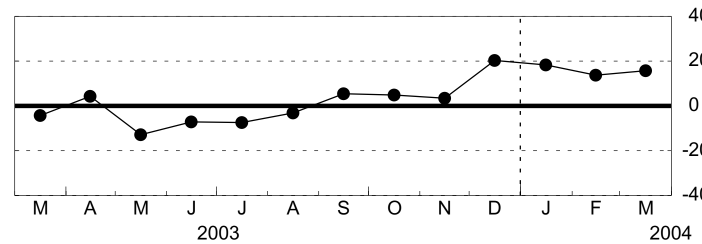
Prices Paid - Diffusion Index



Prices Received

	Higher	Same	Lower	Index
Feb	25.00	63.79	11.21	13.79
Mar	25.49	64.71	9.80	15.69

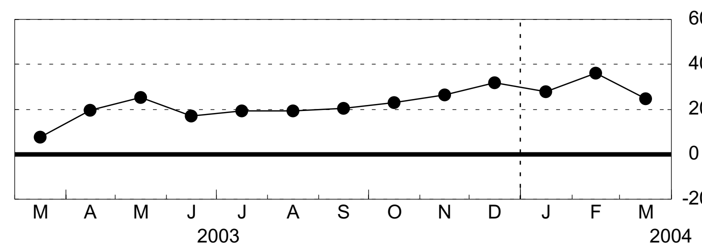
Prices Received - Diffusion Index



No. of Employees

	Higher	Same	Lower	Index
Feb	43.10	49.95	6.95	36.16
Mar	36.27	52.12	11.60	24.67

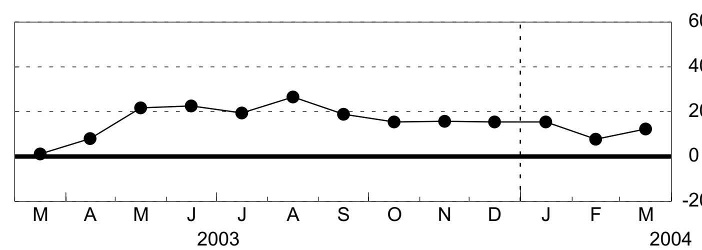
No. of Employees - Diffusion Index



Average Employee Workweek

	Higher	Same	Lower	Index
Feb	18.80	70.16	11.04	7.76
Mar	24.06	64.23	11.71	12.36

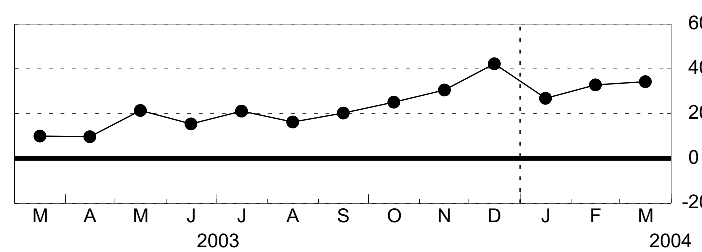
Average Employee Workweek - Diffusion Index



Capital Expenditures

	Higher	Same	Lower	Index
Feb	42.24	48.28	9.48	32.76
Mar	41.18	51.96	6.86	34.31

Capital Expenditures - Diffusion Index



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