Empire State Manufacturing Survey

Note: Survey responses were collected between December 2 and December 9.

ECONOMIST COMMENTARY

"Manufacturing activity contracted slightly in New York State in December after rising over the prior two months. Price increases slowed for a second consecutive month but remained elevated. Firms became increasingly optimistic about the outlook for the months ahead."

~Richard Deitz, Economic Research Advisor at the New York Fed

Business activity declined slightly in New York State in December, according to firms responding to the *Empire State Manufacturing Survey*. The headline general business conditions index fell twenty-three points to -3.9. New orders held steady while shipments decreased modestly. Delivery times quickened, unfilled orders declined, and supply availability worsened. Inventories expanded. Employment increased modestly and the average workweek edged up. The pace of both input price increases and selling price increases moderated but remained elevated. Capital spending plans increased somewhat. Firms grew increasingly optimistic and expect conditions to improve in the months ahead.

Activity Slightly Lower

Manufacturing activity edged lower in New York State after increasing over the prior two months, according to the December survey. The general business conditions index dropped twenty-three points to -3.9, turning negative after reaching its highest level in a year last month. New orders held steady, with about a third of firms reporting an increase and about a third reporting a decrease, and shipments were modestly lower, with the index dropping twenty-three points to -5.7. The inventories index came in at 4.0, pointing to a small increase in inventories. The delivery times index fell below zero to -5.9, and the unfilled orders index decreased to -14.9, its lowest level since January 2024, indicating quicker delivery times and fewer unfilled orders. The supply availability index edged up but remained negative at -6.9, suggesting worsening supply availability.

Price Increases Slow

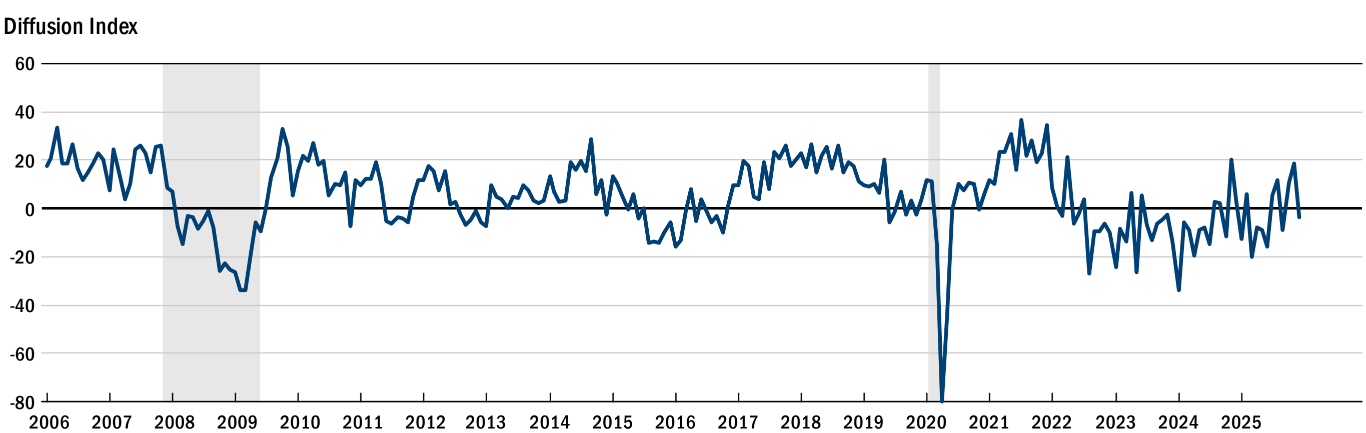
The index for number of employees ticked up to 7.3, its sixth positive reading in seven months, while the average workweek index edged down to 3.5, suggesting a modest increase in employment levels and a small increase in hours worked. Both price indexes remained elevated but declined for a second consecutive month: the prices paid index dropped eleven points to 37.6— its lowest level since January— and the prices received index dropped four points to 19.8.

Firms Increasingly Optimistic

The index for future business conditions rose seventeen points to 35.7, its highest level since January, suggesting firms have become more optimistic that conditions will improve over the next six months. The indexes for future new orders and shipments both reached their highest levels of the year. Supply availability is expected to be little changed. Firms continue to anticipate elevated price increases. Inventories are expected to continue to expand. The capital expenditures index came in at 6.9, pointing to a small increase in capital spending plans. ■

General Business Conditions

Seasonally Adjusted

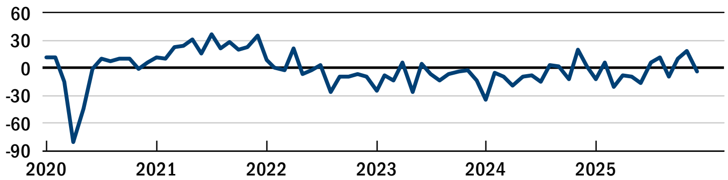


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

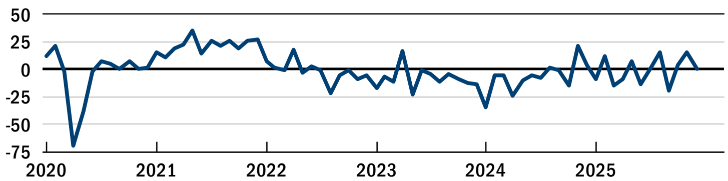
Change from Preceding Month

General Business Conditions



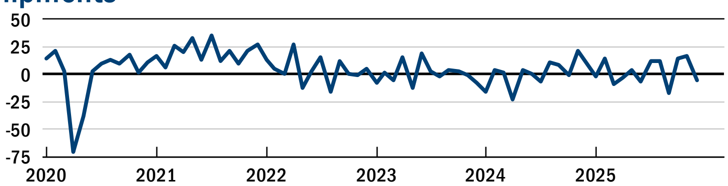
	Percent Reporting		
	Higher	Lower	Index
Nov	38.7	20.0	18.7
Dec	31.8	35.7	-3.9
Change			-22.6

New Orders



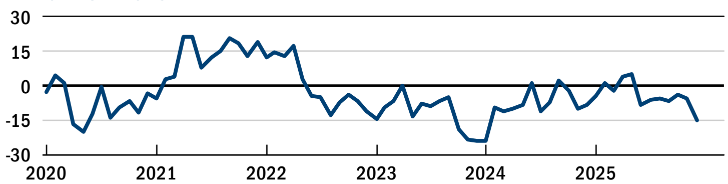
	Percent Reporting		
	Higher	Lower	Index
Nov	38.0	22.1	15.9
Dec	32.3	32.3	0.0
Change			-15.9

Shipments



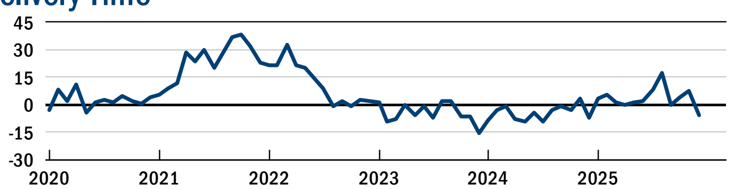
	Percent Reporting		
	Higher	Lower	Index
Nov	38.0	21.2	16.8
Dec	30.2	35.9	-5.7
Change			-22.5

Unfilled Orders



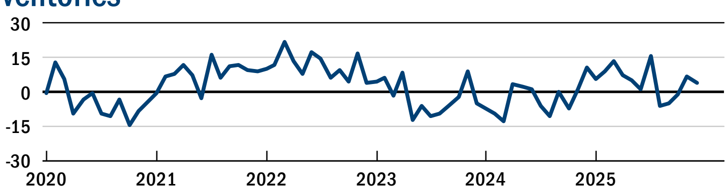
	Percent Reporting		
	Higher	Lower	Index
Nov	16.3	22.1	-5.8
Dec	10.9	25.7	-14.9
Change			-9.1

Delivery Time



	Percent Reporting		
	Higher	Lower	Index
Nov	16.3	8.7	7.7
Dec	9.9	15.8	-5.9
Change			-13.6

Inventories

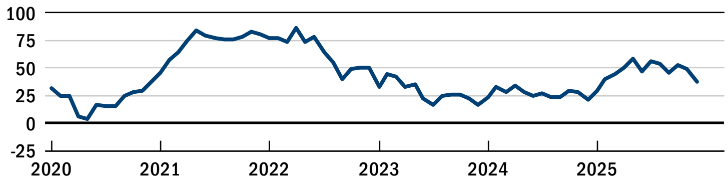


	Percent Reporting		
	Higher	Lower	Index
Nov	23.1	16.3	6.7
Dec	21.8	17.8	4.0
Change			-2.7

Current Indicators, *continued*

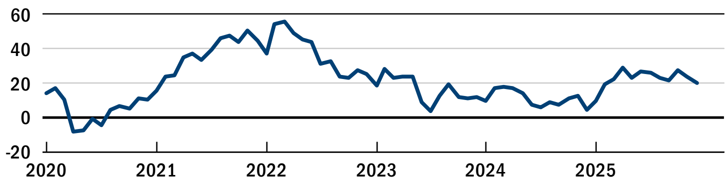
Change from Preceding Month

Prices Paid



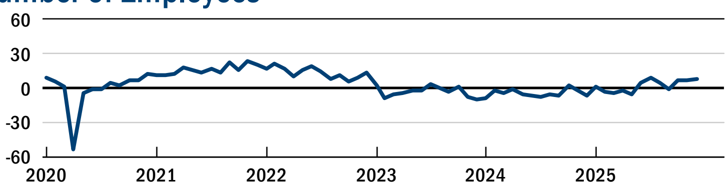
	Percent Reporting		
	Higher	Lower	Index
Nov	51.9	2.9	49.0
Dec	39.6	2.0	37.6
Change			-11.4

Prices Received



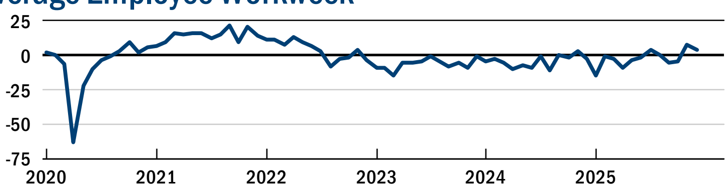
	Percent Reporting		
	Higher	Lower	Index
Nov	26.9	2.9	24.0
Dec	21.8	2.0	19.8
Change			-4.2

Number of Employees



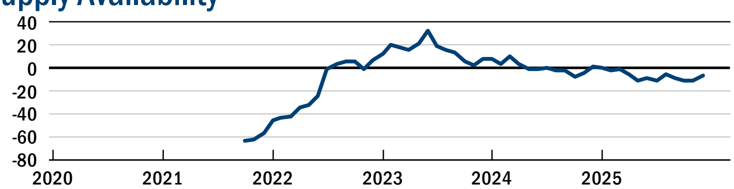
	Percent Reporting		
	Higher	Lower	Index
Nov	13.8	7.2	6.6
Dec	16.2	8.9	7.3
Change			0.7

Average Employee Workweek



	Percent Reporting		
	Higher	Lower	Index
Nov	16.2	8.5	7.7
Dec	12.5	9.0	3.5
Change			-4.2

Supply Availability



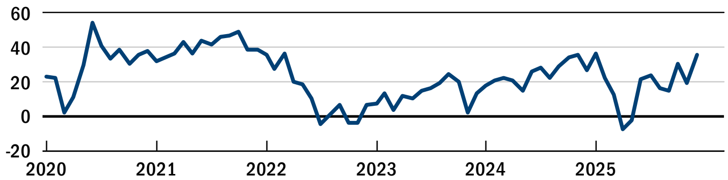
	Percent Reporting		
	Higher	Lower	Index
Nov	2.9	14.4	-11.5
Dec	2.0	8.9	-6.9
Change			4.6

Note: Data are seasonally adjusted. The current supply availability index was added to the report in June 2024 and included a history of data points going back to 2021.

Forward-Looking Indicators

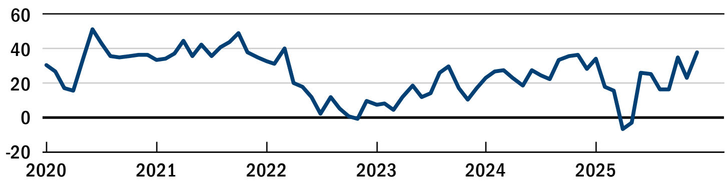
Expectations Six Months Ahead

General Business Conditions



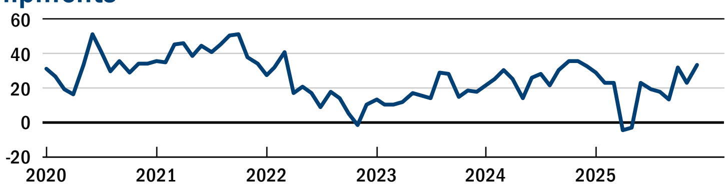
	Percent Reporting		
	Higher	Lower	Index
Nov	39.7	20.6	19.1
Dec	52.9	17.2	35.7
Change			16.6

New Orders



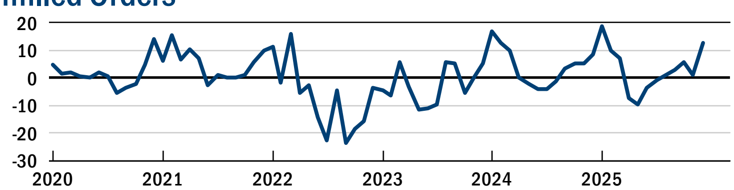
	Percent Reporting		
	Higher	Lower	Index
Nov	48.4	25.1	23.3
Dec	55.2	17.2	38.0
Change			14.7

Shipments



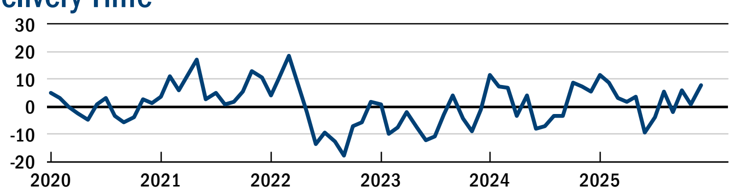
	Percent Reporting		
	Higher	Lower	Index
Nov	45.0	21.6	23.3
Dec	52.0	18.7	33.3
Change			10.0

Unfilled Orders



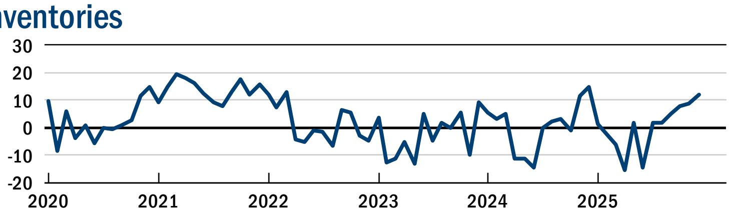
	Percent Reporting		
	Higher	Lower	Index
Nov	17.3	16.3	1.0
Dec	25.7	12.9	12.9
Change			11.9

Delivery Time



	Percent Reporting		
	Higher	Lower	Index
Nov	11.5	10.6	1.0
Dec	18.8	10.9	7.9
Change			6.9

Inventories

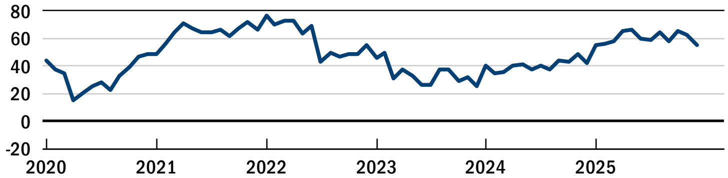


	Percent Reporting		
	Higher	Lower	Index
Nov	26.0	17.3	8.7
Dec	26.7	14.9	11.9
Change			3.2

Forward-Looking Indicators, *continued*

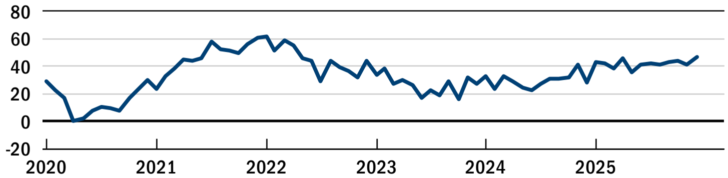
Expectations Six Months Ahead

Prices Paid



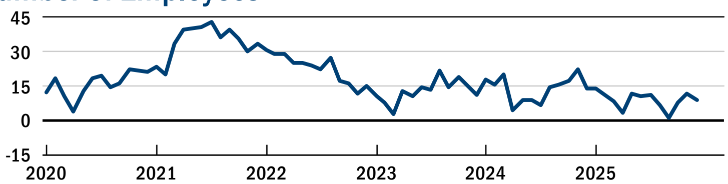
	Percent Reporting		
	Higher	Lower	Index
Nov	66.3	3.8	62.5
Dec	58.4	3.0	55.4
Change			-7.1

Prices Received



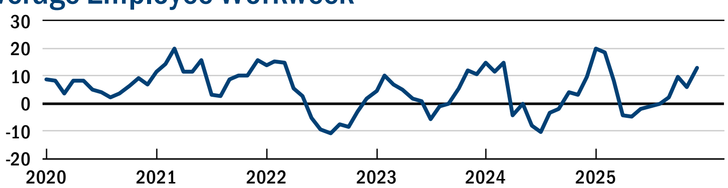
	Percent Reporting		
	Higher	Lower	Index
Nov	43.3	1.9	41.3
Dec	47.5	1.0	46.5
Change			5.2

Number of Employees



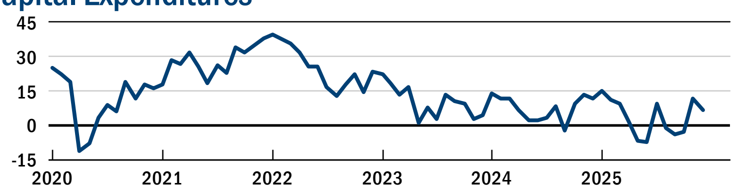
	Percent Reporting		
	Higher	Lower	Index
Nov	23.1	11.3	11.9
Dec	20.3	11.5	8.8
Change			-3.1

Average Employee Workweek



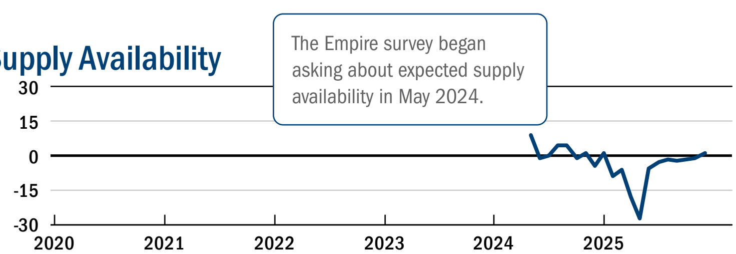
	Percent Reporting		
	Higher	Lower	Index
Nov	15.4	9.6	5.8
Dec	18.8	5.9	12.9
Change			7.1

Capital Expenditures



	Percent Reporting		
	Higher	Lower	Index
Nov	26.0	14.4	11.5
Dec	22.8	15.8	6.9
Change			-4.6

Supply Availability



	Percent Reporting		
	Higher	Lower	Index
Nov	4.8	5.8	-1.0
Dec	6.9	5.9	1.0
Change			2.0

Note: Data are seasonally adjusted. The expected supply availability index was added to the report in June 2024 and included one additional data point from May 2024. The technology spending index was discontinued at this time.