



# Empire State Manufacturing Survey: Slight Growth in October

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of Advisor Perspectives

This morning we got the latest *Empire State Manufacturing Survey*. The diffusion index for General Business Conditions at 4.0 was an increase of 2.0 from the previous month's 2.0. The *Investing.com* forecast was for a reading of 1.0.

The Empire State Manufacturing Index rates the relative level of general business conditions in New York state. A level above 0.0 indicates improving conditions, below indicates worsening conditions. The reading is compiled from a survey of about 200 manufacturers in New York state.

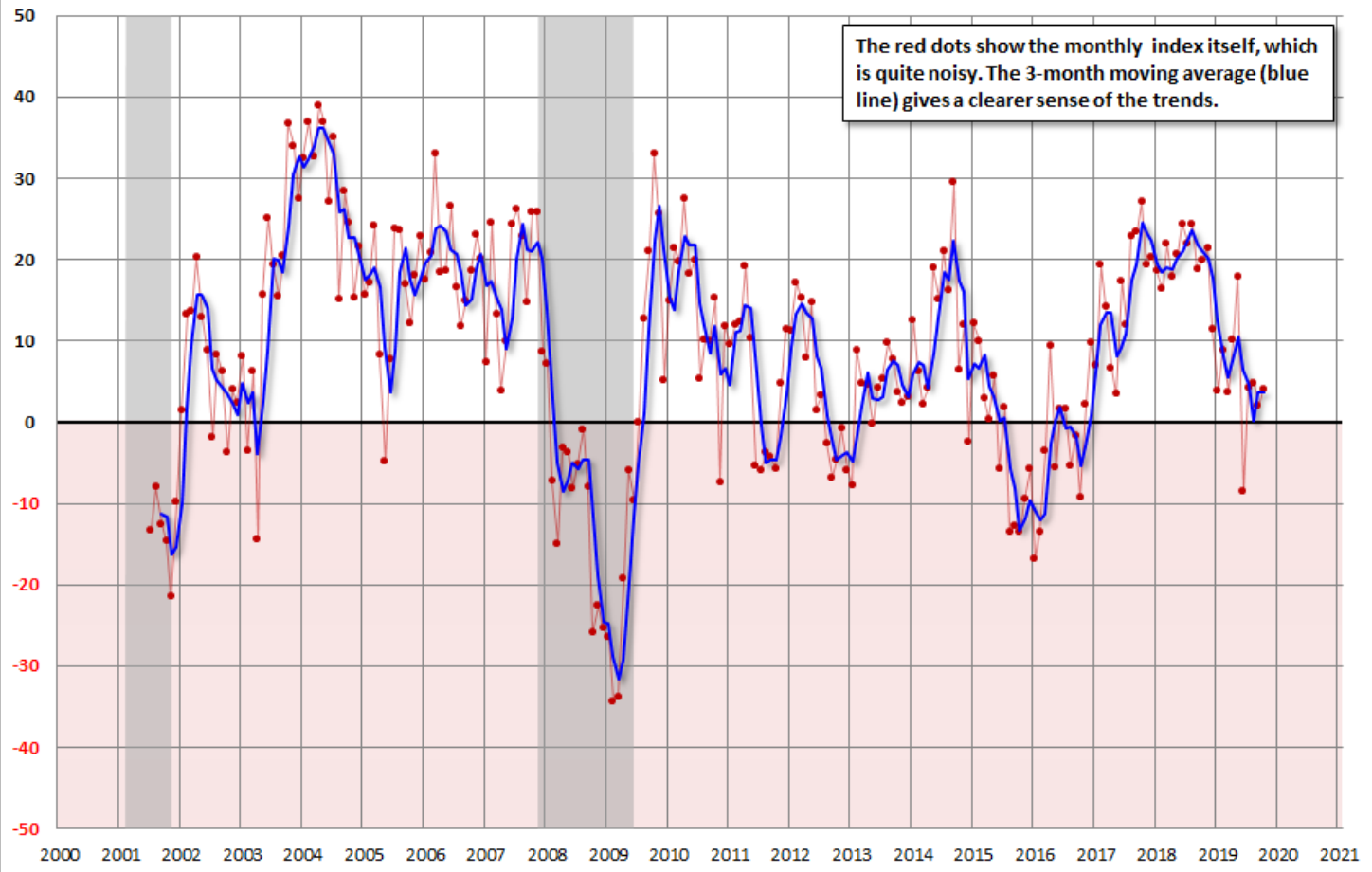
Here is the opening paragraph from the report.

Business activity grew slightly in New York State, according to firms responding to the October 2019 Empire State Manufacturing Survey. The headline general business conditions index edged up two points to 4.0. There was only a small increase in new orders, but shipments picked up. Delivery times decreased slightly, while inventories were little changed. Employment levels and hours worked both increased modestly. Input prices and selling prices increased at a slower pace than last month. Indexes assessing the six-month outlook indicated that optimism about future conditions improved somewhat but remained subdued. [full report]

Here is a chart of the current conditions and its 3-month moving average, which helps clarify the trend for this extremely volatile indicator:

# Empire State Manufacturing Survey

Recessions    General Business Conditions = 4.00    3-Month MA = 3.60



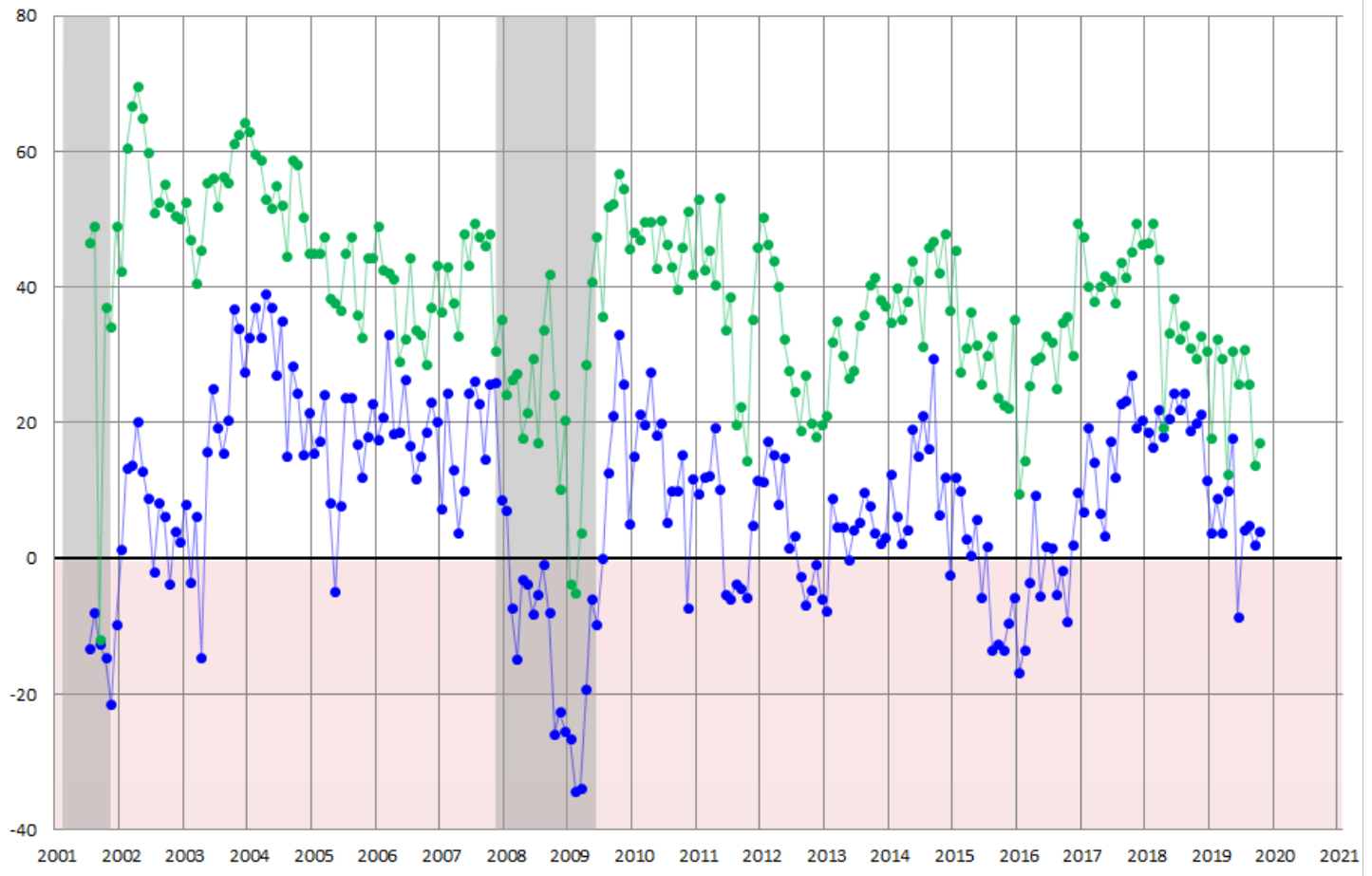
Click [this link](#) to access a PDF set of charts of the individual components over the past 12 months.

Since this survey only goes back to July of 2001, we only have one complete business cycle with which to evaluate its usefulness as an indicator for the broader economy. Following the Great Recession, the index has slipped into contraction multiple times, as the general trend slowed. We saw a gradual decline in 2015 that picked up in 2016, with a decline starting in mid- to late-2018.

Here is an overlay of the current and future conditions (a six-month outlook).

# Empire State Manufacturing Survey

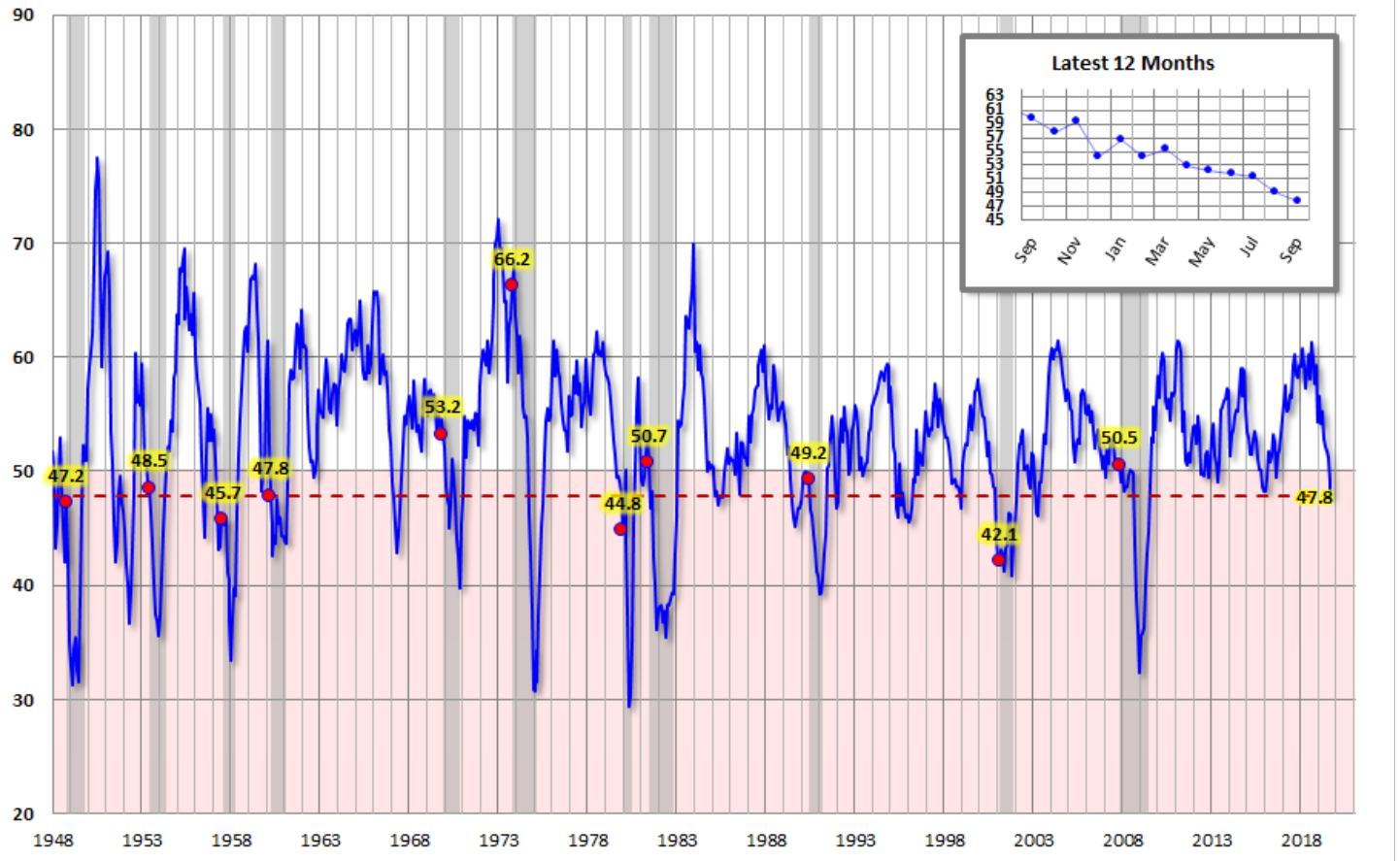
Recessions    General Business Conditions = 4.00    Future Conditions = 17.10



Meanwhile, here's another look at the latest ISM Manufacturing Business Activity Index.

# ISM Manufacturing: PMI Composite Index Monthly Series with Recessions Highlighted

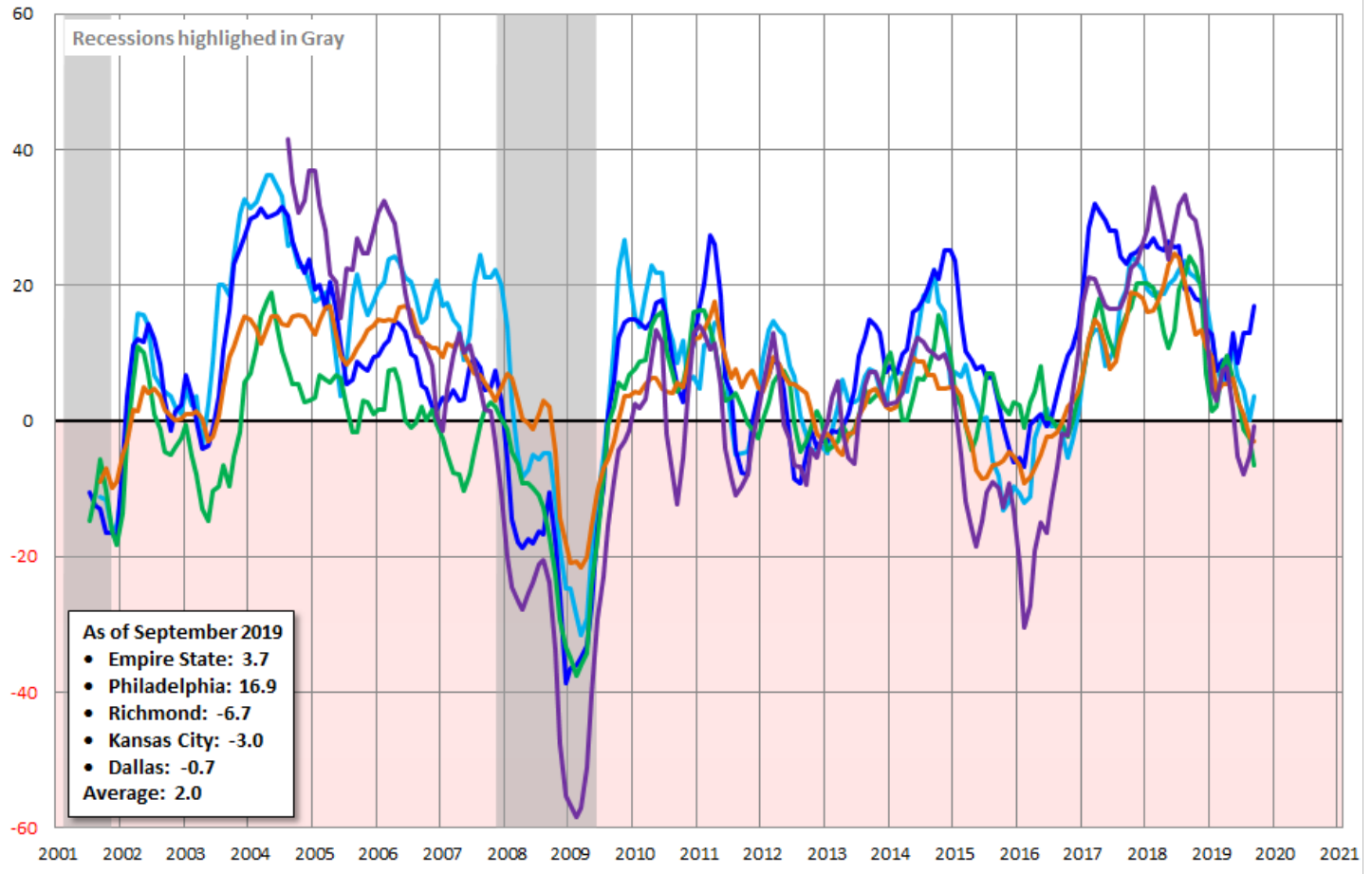
*Dashed line shows the current level, Dots highlight the month before a recession*



Let's compare all five Regional Manufacturing indicators. Here is a three-month moving average overlay of each since 2001 (for those with data).

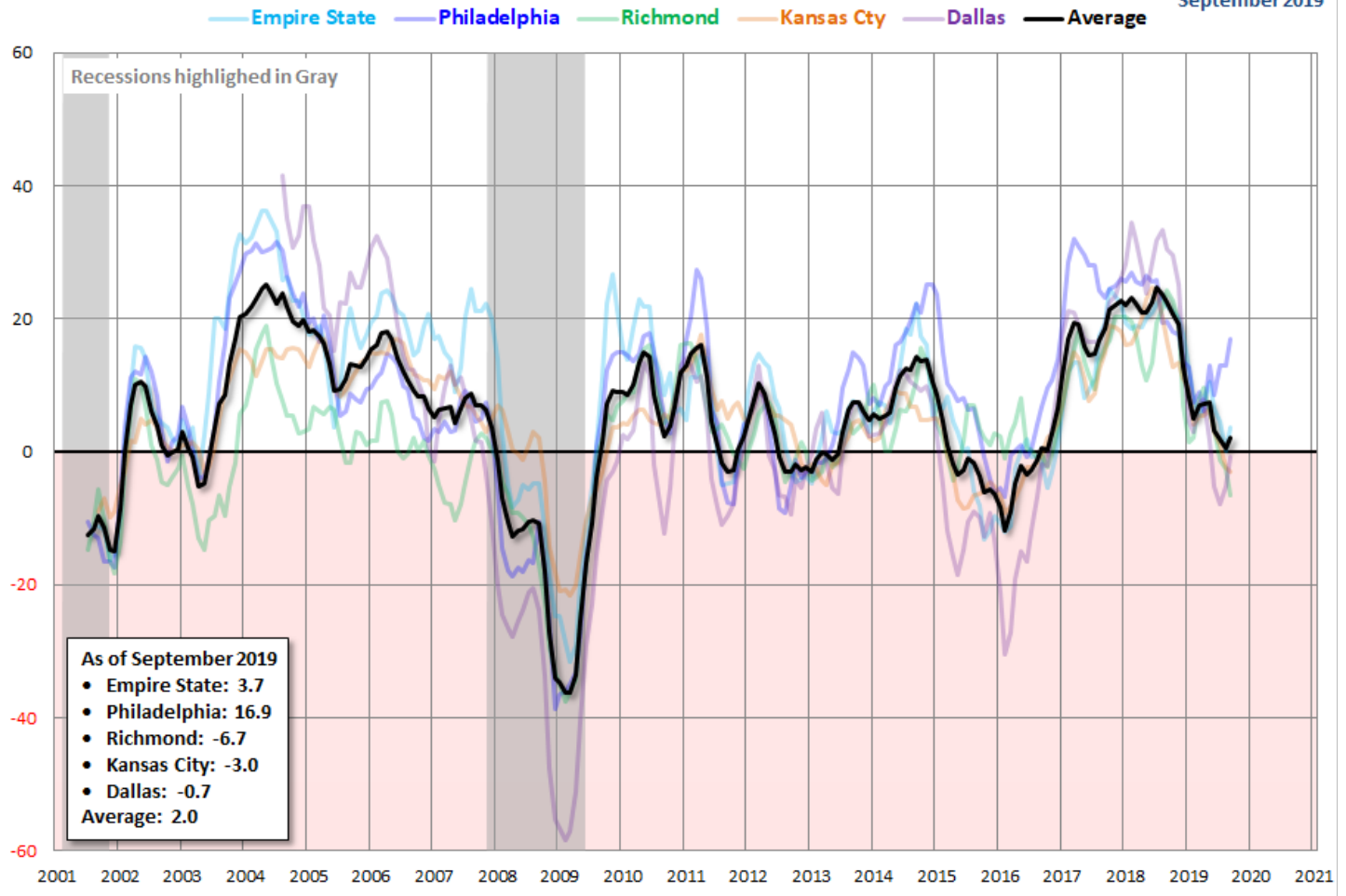
### Regional Manufacturing Three-Month Moving Averages

— Empire State — Philadelphia — Richmond — Kansas Cty — Dallas



Here is the same chart including the average of the five. Readers will notice the range in expansion and contraction between all regions.

### Regional Manufacturing Average



Here are the remaining four monthly manufacturing indicators that we track:

[Texas Manufacturing Outlook Survey \(TMOS\)](#)

[Kansas City Manufacturing Survey](#)

[Fifth District Manufacturing Survey \(Richmond\)](#)

[Philadelphia Fed Manufacturing Business Outlook Survey](#)

[Regional Fed Overview](#)