

Empire State Survey Signals Tough Period for Manufacturing

The Empire index of general business conditions deteriorated in June, signaling an increase in the pace of decline for the manufacturing sector. However, the forward-looking component that measures general conditions for the next six months jumped to its highest level since before the credit crisis first gripped markets in the summer of 2007.

Tough Work-out Period, but Future is Looking Brighter

- Manufacturing in the New York area appears to have lost its footing in June as the business conditions index slipped to a -9.41 from -4.55 the previous month. Any negative number suggests contraction in New York manufacturing activity.
- The silver lining in this report is the fourth consecutive month of improvement for the forward-looking measure of business conditions six months from now, which jumped to 47.8.

Orders Still Negative, Pricing Pressures Building

- The new orders index remained negative this month, but did show slight improvement from the even-lower reading in May. This is merely a slowing in the rate of decline, not growth.
- After falling off a cliff over most of the last year, the prices paid index has been steadily increasing in recent months. This mirrors the drop and subsequent recovery in oil and other commodities, and suggests pricing pressures for manufacturers.

