

# Supplemental Survey Report

## Businesses Note Moderate Pickup in Wages, Commodity Prices, and Selling Prices

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 2017 and earlier.

In the current survey, service firms reported that prices paid overall rose by 5.1 percent, on average, in 2018, while manufacturers reported an average hike of 5.6 percent. Both figures were up a little more than a percentage point from the corresponding numbers in last December's survey. Both manufacturers and service firms said that they expected the prices they paid to rise by about 5 percent in 2019. Among the broad budget categories, employee benefits once again showed the steepest price increases—both actual and expected. Both manufacturers and service firms reported that such costs rose by a

bit more than 6 percent, on average, over the past year; service sector respondents anticipated a similar rise next year, while manufacturers said they expected a roughly 5 percent rise. Respondents also reported a pickup in wage increases: both manufacturers and service firms indicated that wages had risen about 4.5 percent—up more than a full percentage point from last year's survey. Looking ahead to 2019, businesses said they expected wages to expand by about 4 percent, on average. Manufacturers noted some acceleration in prices for non-energy commodities, indicating that they had risen 5.3 percent in 2018; they said they expected these prices to rise by 4.4 percent in 2019. 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 the prices they

paid would rise by at least 2 percent, and a 21 percent chance they would rise by at least 8 percent. The average service firm cited a two-in-three chance that prices paid would rise by at least 2 percent but just a 14 percent chance that they would rise by 8 percent or more. For both groups of respondents, the perceived likelihood of a rise in costs was up slightly from last December's survey. The average respondent in both manufacturing and services anticipated a less than 6 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 2.8 percent among service firms and 3.2 percent among manufacturers. These estimates represented a moderate acceleration from expectations reported in last year's survey, when both groups of businesses had expected a 2.1 percent rise, on average. ■

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 2018 and the expected percentage change in the price in 2019:

	Empire State Manufacturing Survey		Business Leaders Survey	
	Average Percentage Change Reported for 2018	Average Percentage Change Expected for 2019	Average Percentage Change Reported for 2018	Average Percentage Change Expected for 2019
Wages	4.5	4.2	4.3	3.9
Employee benefits	6.5	5.2	6.1	6.3
Insurance (e.g., liability, fire)	3.3	3.2	3.8	3.6
Outside services	4.3	3.3	2.6	3.0
Energy	2.3	2.2	2.2	2.3
Other commodities	5.3	4.4	2.7	2.2
Overall	5.6	5.0	5.1	4.9

**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 2018 Survey	December 2017 Survey	December 2018 Survey	December 2017 Survey
Increase 8 percent or more	20.5	17.6	13.9	10.3
Increase 2 to 8 percent	49.9	51.8	53.5	50.6
Stay within 2 percent of current levels	23.8	26.7	28.3	35.0
Decrease 2 to 8 percent	4.0	2.6	3.3	3.4
Decrease 8 percent or more	1.7	1.4	1.0	0.7

\*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.

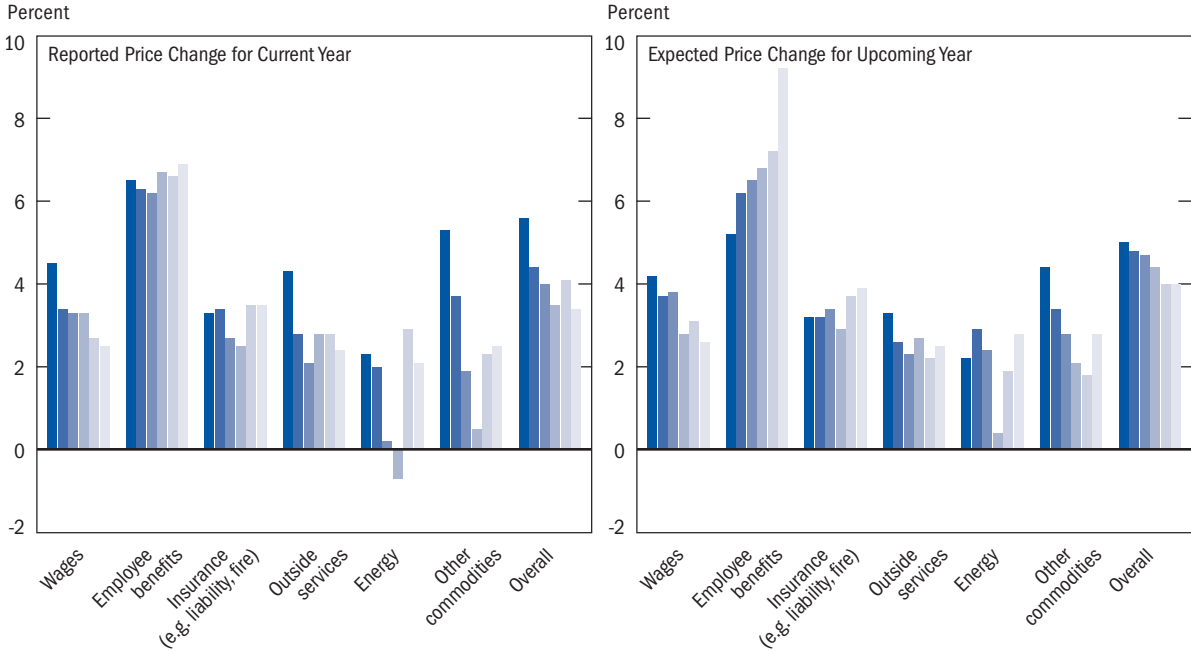
# Supplemental Survey Report, *continued*

## HISTORICAL OVERVIEW FOR QUESTION 1

For each of the following budget categories, please indicate the approximate percentage change in the price you paid in 2018 and the expected percentage change in the price in 2019:

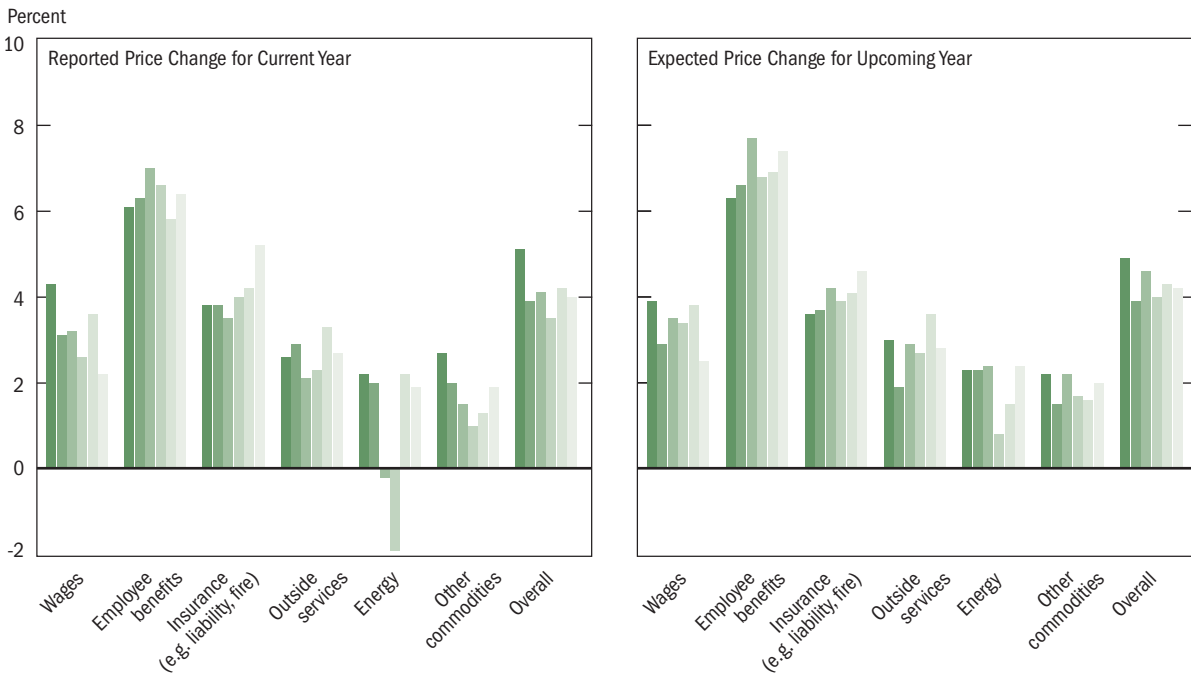
### Empire State Manufacturing Survey

December 2018   December 2017   December 2016   December 2015   December 2014   December 2013



### Business Leaders Survey

December 2018   December 2017   December 2016   December 2015   December 2014   December 2013



# Supplemental Survey Report, *continued*

## HISTORICAL OVERVIEW FOR QUESTION 3

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

