

## Supplemental Report:

# Firms Continue to Expect Modest Increases in Selling Prices

In a series of supplementary questions to the September *Empire State Manufacturing Survey*, manufacturers were asked how much their overall selling prices had changed over the past year and how much they expected their prices to rise or fall in the future. In addition, they were asked to assess the probability that prices would rise or fall by certain specified amounts. Identical questions had been asked in surveys conducted in September 2011 and earlier.

Respondents reported that their selling prices had risen 0.8 percent, on average, during the past twelve months (see table). In last September's parallel survey, the

average respondent indicated that prices had risen 1.4 percent. Looking ahead to the next twelve months, the average respondent in the current survey predicted a 1.7 percent rise in selling prices—somewhat faster growth than the 1.0 percent increase projected in last year's survey. Roughly 55 percent of respondents—a slightly higher share than in last year's survey—planned to hike prices at least 2 percent. The share of respondents expecting to lower prices was just 8 percent, down from 13 percent in last year's survey.

When asked a separate question about the probability of specified price changes over the next twelve

months, the average respondent reported a 45 percent chance that prices would remain within 2 percent of current levels, and a 46 percent chance that they would rise 2 percent or more, but just a 6 percent chance they would rise by at least 8 percent. The chances of a decline of 2 percent or more were pegged at roughly 8 percent, on average—down from 13 percent in the 2011 survey. ■

## Supplemental Report, *continued*

### QUESTION 1

By how much have your selling prices changed, on average, over the *past year*?

	September 2012	September 2011	September 2010	September 2009
Average percentage change	0.8	1.4	-0.1	-2.1
Median percentage change	1.0	2.0	0.0	0.0

### QUESTION 2

By how much do you expect your selling prices to change, on average, over the *next year*?

	September 2012	September 2011	September 2010	September 2009
Average percentage change	1.7	1.0	1.7	1.9
Median percentage change	2.0	2.0	1.0	0.0

### QUESTION 3

What would you say is the percentage chance that, over the next six months, your selling prices will:

	Percentage Chance of Specified Price Change*			
	September 2012	September 2011	September 2010	September 2009
Decrease 8 percent or more	2.5	4.0	1.5	2.5
Decrease 2 to 8 percent	5.7	9.0	9.1	9.2
Stay within 2 percent of where they are now	45.4	43.7	45.7	49.3
Increase 2 to 8 percent	40.7	38.0	35.6	29.1
Increase 8 to 15 percent	4.1	4.6	4.9	6.0
Increase 15 percent or more	1.6	0.7	3.1	3.8

\*Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values shown for question 3 reflect the average indicated percentage chance across all respondents.