



Report on Business

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NEW YORK CITY REPORT ON BUSINESS

Divergence: Theme, Not Aberration

New York City business activity expanded at a solid rate, according to the survey taken by the Institute for Supply Management-New York (ISM-NY). Divergence has become a theme between perceptions of New York metro and some company-specific activities.

New York Metro. Current Business Conditions edged up to 62.0 in December. The **Six-Month Outlook** rose to 70.7 in December.

Company Specific. The losing streak for job growth stretched to four months, while purchase volume hasn't expanded in four months. **Employment** came in at 42.9 in December. **Quantity of Purchases** moved into neutral at 50.0 in December.

Divergence between the top line and forward guidance took the form of an inversion, the first in two years. **Current Revenues** moved up to 60.0 in December. **Expected Revenues** fell to 50.0 in December.

Price pressures continued to be mixed. Costs rose, but selling prices haven't risen in four months. **Prices Paid** printed at 55.0 in December, while **Prices Received** was stuck in neutral again at 50.0 in December.

Opportunities/Impediments: Cost of benefits and cost of labor were one and two on the impediment scale, with competition also tied for second. Top two opportunities were foreign demand and domestic demand, respectively, with banking also tied for second.

December's Question of the Month: In your opinion, the New York City region is currently in what type of environment for selling prices? More divergence in responses this year compared to prior years, especially at the disinflationary/deflationary end of the distribution.

	Dec '15	Dec '14	Dec '13	Dec '12
Rising faster	17%	8%	5%	13%
Rising slower	25%	38%	43%	43%
Steady	17%	33%	33%	39%
Falling slower	17%	0%	0%	0%
Falling faster	8%	4%	0%	0%

(numbers may not add to 100% due to rounding and 'don't know' and 'no' responses)

Current Business Conditions

(seasonally adjusted)



Six-Month Outlook

(seasonally adjusted)



Business Conditions in New York City Metro Area

(seasonally adjusted)

	Current Business Conditions	Six-Month Outlook	NY-BCI*
December 2014	70.8	72.9	673.8
January 2015	44.5	66.9	671.1
February	63.1	71.7	677.6
March	50.0	69.4	677.6
April	58.1	73.4	681.7
May	54.0	61.8	683.7
June	63.1	78.0	690.2
July	68.8	69.2	699.7
August	51.1	68.5	700.2
September	44.5	62.8	697.4
October	65.8	74.0	705.3
November	60.7	66.0	710.6
December	62.0	70.7	716.6

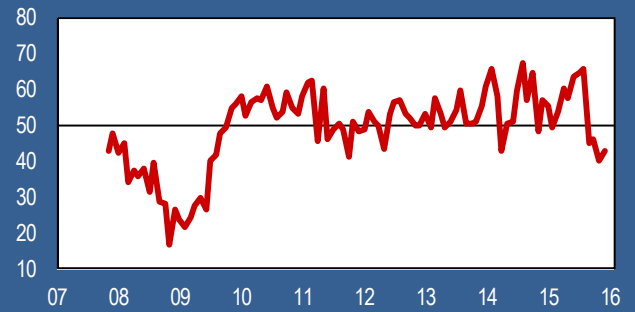
*The NY-BCI is a cumulative diffusion index constructed from the diffusion index of Current Business Conditions for businesses in the New York City metro area. -r is revised.

Employment (seasonally adjusted)

The current month's number of employees compared to the previous month.

	Nov	Oct	Sep	Aug	Jul	Year ago Dec
Dec	39.9	46.3	44.9	65.8	64.8	56.8
	42.9					

Employment (seasonally adjusted)



Quantity of Purchases

The current month's number of units purchased from suppliers compared to the previous month.

	Nov	Oct	Sep	Aug	Jul	Year ago Dec
Dec	46.7	46.2	43.8	57.5	52.8	50.0
	50.0					

Quantity of Purchases



Current Revenues

The current month's level of revenues (in dollars) compared to the previous month.

	Nov	Oct	Sep	Aug	Jul	Year ago Dec
Dec	57.1	54.2	52.9	58.3	66.7	69.0
	60.0					

Expected Revenues

The expected level of revenues (in dollars) in the next six months.

	Nov	Oct	Sep	Aug	Jul	Year ago Dec
Dec	71.4	58.3	64.7	81.6	72.2	76.2
	50.0					

Prices Paid

The current month's price levels paid for goods and services purchased from suppliers vs. the previous month.

	Nov	Oct	Sep	Aug	Jul	Year ago Dec
Dec	62.5	46.2	58.8	57.1	50.0	54.5
	55.0					

Prices Received

The current month's price levels received for goods and services sold to customers vs. the previous month.

	Nov	Oct	Sep	Aug	Jul	Year ago Dec
Dec	50.0	40.9	50.0	55.6	56.3	55.0
	50.0					

About the Survey

The purpose of the survey is to quickly assess business conditions among firms in the New York City area. The survey results are compiled as diffusion indices - the percent of positive responses plus one-half of those responding the same (considered positive). A reading of 50% means no change from the prior month, greater than 50% indicates a faster pace of activity, and less than 50% a slower rate. The Current Business Conditions index, Six-Month Outlook index, the NY-BCI, and the Employment index are seasonally adjusted. All other measures are not seasonally adjusted. -r is revised.

Potential Business Opportunities/Impediments - December 2015

How do you foresee the following factors affecting your company this month?

	Opportunity-Impediment	Impediment	No effect	Opportunity
Cost of benefits	-55%	55%	45%	0%
Cost of labor	-45%	45%	55%	0%
Competition	-45%	45%	55%	0%
Working Capital	-18%	36%	45%	18%
Insurance	-18%	27%	64%	9%
Taxes	-18%	27%	64%	9%
Inflation	-18%	27%	64%	9%
Raw Materials	-18%	18%	82%	0%
Skilled Labor	-9%	18%	73%	9%
Management Skills	-9%	18%	73%	9%
Project Distribution	-9%	18%	73%	9%
Abnormal Weather and/or Natural Disasters	0%	0%	100%	0%
Exchange Rate	0%	9%	82%	9%
Capital Equipment	0%	9%	82%	9%
Other	0%	9%	82%	9%
Regulations	0%	18%	64%	18%
Unskilled Labor	9%	0%	91%	9%
Interest Rates	9%	0%	91%	9%
Occupancy	9%	0%	91%	9%
Security Concerns	9%	9%	73%	18%
Energy Costs	9%	9%	73%	18%
Technology	18%	9%	64%	27%
Banking	27%	9%	55%	36%
Domestic Demand	27%	9%	55%	36%
Foreign Demand	36%	0%	64%	36%