



Report on Business

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NEW YORK CITY REPORT ON BUSINESS *Red Flags*

New York City business activity contracted at the fastest pace in seven years, according to the survey taken by the Institute for Supply Management-New York.

New York Metro

Current Business Conditions fell nearly 20 points to 37.2 in May, the weakest reading since April 2009 during the Great Recession.

The **Six-Month Outlook** stabilized in May at 53.6 after falling to a seven-year low in April.

On the one hand, there has been a clear downshift in future optimism, as the forward-looking index remained below the 60-80 range that it traveled in for most of the current economic expansion.

On the other hand, the loss of confidence in the outlook was not large enough to indicate outright pessimism, below the breakeven 50 mark.

Company Specific

Labor contracted for the eighth time in the last nine months, while purchase volume declined by the most in seven years. **Employment** fell to 44.6 in May.

Quantity of Purchases dropped to 37.5 in May, the weakest outturn since July 2009.

Persistent weakness in the Employment index has coincided with a rising NYC unemployment rate. The losing streak for the Employment index began in September 2015. The NYC unemployment rate reached a cycle low the next month, October 2015 (5.1%). Since then, it stopped improving and has risen to 5.4% through April 2016.

News was better for the top line and forward guidance. **Current Revenues** improved to a five-month high of 60.0 in May. **Expected Revenues** increased to a six-month high of 68.0 in May.

Cost pressures contracted for three straight months, the longest losing streak in six years. **Prices Paid** came in at 45.7 in May.

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*
May 2015	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
January 2016	54.6	63.3	718.9
February	53.6	66.3	720.8
March	50.4	65.0	721.0
April	57.0	53.1	724.4
May	37.2	53.6	718.1

*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.

	Apr	Mar	Feb	Jan	Dec	Year ago May
May	49.9	40.9	49.3	56.9	42.9	57.3
	44.6					



Quantity of Purchases

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

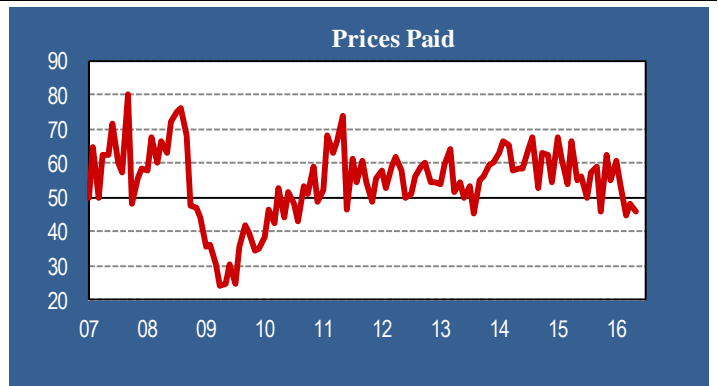
	Apr	Mar	Feb	Jan	Dec	Year ago May
May	48.2	57.1	58.0	46.4	50.0	60.5
	37.5					



Prices Paid

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

	Apr	Mar	Feb	Jan	Dec	Year ago May
May	48.1	44.7	54.2	60.7	55.0	55.0
	45.7					



Current Revenues

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

	Apr	Mar	Feb	Jan	Dec	Year ago May
May	50.0	55.3	56.3	45.8	60.0	55.6
	60.0					

Expected Revenues

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

	Apr	Mar	Feb	Jan	Dec	Year ago May
May	56.0	57.5	58.3	50.0	50.0	80.6
	68.0					

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.