

Business Leaders Survey

Covering service firms in New York, northern New Jersey, and southwestern Connecticut

Note: Survey responses were collected between December 4 and December 11.

Activity continued to decline modestly in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's December 2023 *Business Leaders Survey*. The survey's headline business activity index edged down three points to -14.6. The business climate index was little changed at -38.4, suggesting the business climate remains much worse than normal. Employment growth stalled, and wage increases slowed for a third consecutive month. Input price increases moderated, while the pace of selling price increases was slightly higher. Looking ahead, optimism about the six-month outlook remained subdued.

Activity Contracts Again

Business activity continued to decline,

according to the December survey. The headline business activity index fell three points to -14.6. Twenty-two percent of respondents reported that conditions improved over the month and 37 percent said that conditions worsened. The business climate index held steady at -38.4, suggesting that the business climate remains considerably worse than normal.

Wage Increases Continue to Slow

The employment index fell five points to -1.2, indicating that employment levels were little changed after climbing over the prior several months. The wages index moved down six points to 25.9, its third consecutive monthly decline, a sign that wage increases

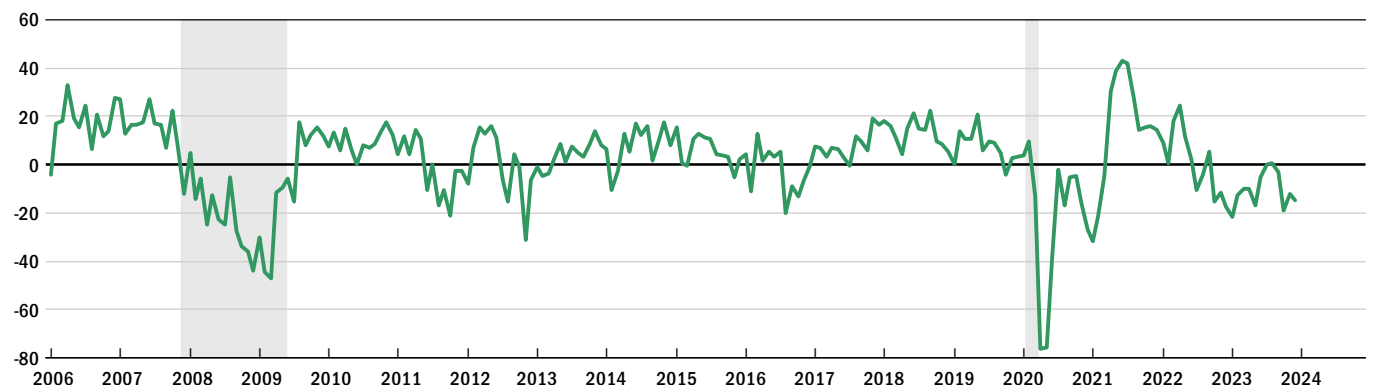
continued to slow. The prices paid index fell eight points to 46.9, its lowest level in nearly three years, a sign that input price increases slowed. The prices received index edged up to 23.1, pointing to a small pickup in selling price increases. At 1.3, the capital spending index signaled continued softening of capital expenditures.

Optimism Remains Subdued

The index for future business activity climbed to 12.2, indicating that firms do not expect activity to increase much over the next six months. The index for the future business climate came in at -7.4, suggesting the business climate is expected to remain worse than normal. However, employment is expected to grow modestly in the months ahead. ■

Business Activity

Diffusion Index

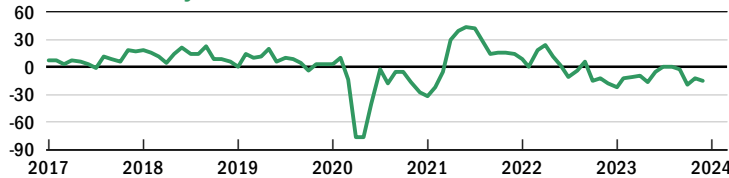


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

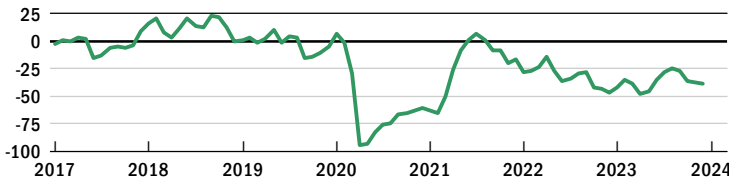
Change from Preceding Month

Business Activity



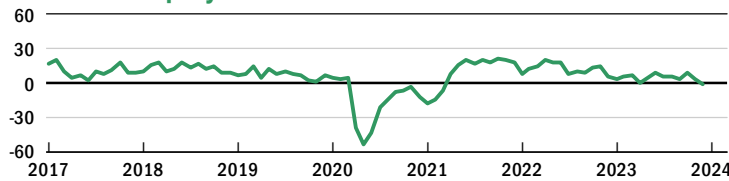
	Percent Reporting		Index
	Higher	Lower	
Nov	20.8	32.7	-11.9
Dec	22.0	36.6	-14.6
Change			-2.7

Business Climate



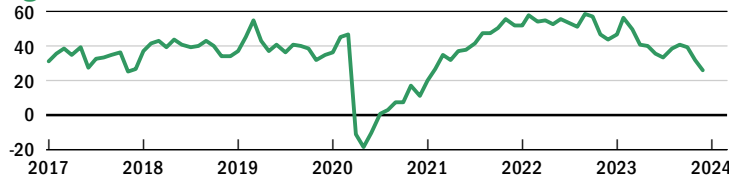
	Percent Reporting		Index
	Favorable	Unfavorable	
Nov	10.7	47.8	-37.1
Dec	8.5	47.0	-38.4
Change			-1.3

Number of Employees



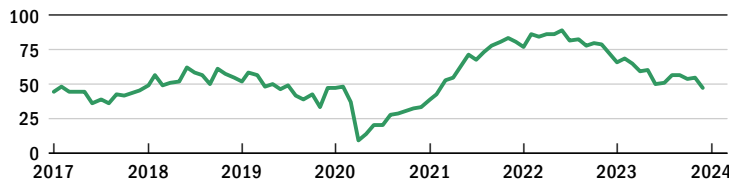
	Percent Reporting		Index
	Higher	Lower	
Nov	22.2	18.4	3.8
Dec	17.3	18.5	-1.2
Change			-5.0

Wages



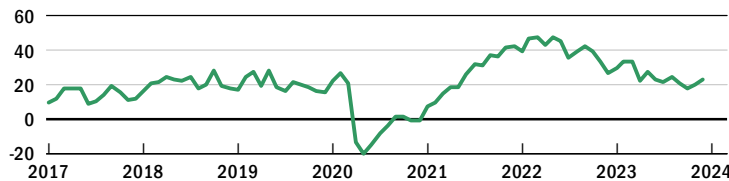
	Percent Reporting		Index
	Higher	Lower	
Nov	34.2	2.5	31.6
Dec	28.4	2.5	25.9
Change			-5.7

Prices Paid



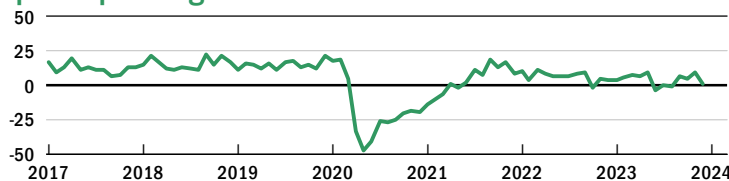
	Percent Reporting		Index
	Higher	Lower	
Nov	60.8	5.7	55.1
Dec	51.3	4.4	46.9
Change			-8.2

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Nov	26.1	6.4	19.7
Dec	31.3	8.1	23.1
Change			3.4

Capital Spending

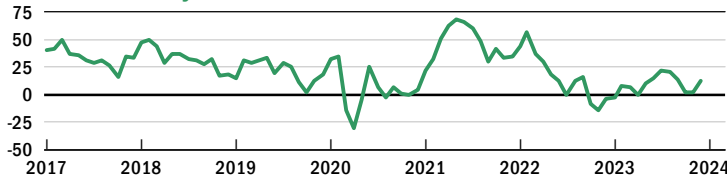


	Percent Reporting		Index
	Higher	Lower	
Nov	24.1	15.2	8.9
Dec	20.1	18.9	1.3
Change			-7.6

Forward-Looking Indicators

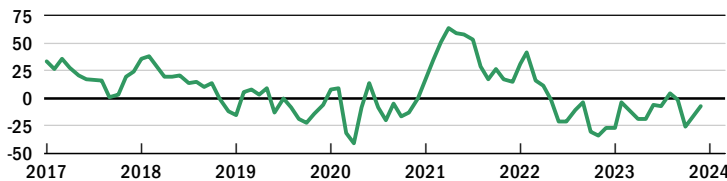
Expectations Six Months Ahead

Business Activity



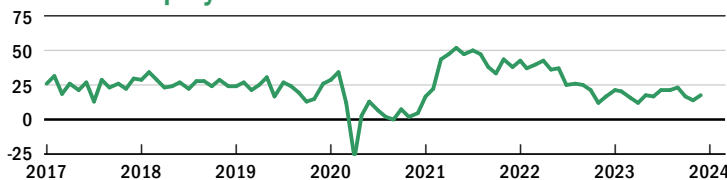
	Percent Reporting		Index
	Higher	Lower	
Nov	27.0	25.2	1.9
Dec	32.9	20.7	12.2
Change			10.3

Business Climate



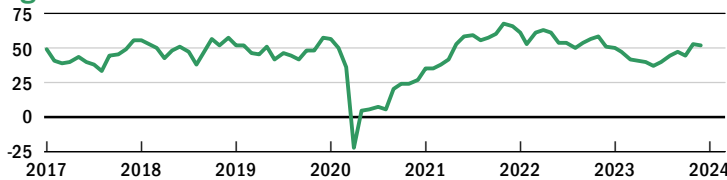
	Percent Reporting		Index
	Better	Worse	
Nov	16.4	33.3	-17.0
Dec	22.7	30.1	-7.4
Change			9.6

Number of Employees



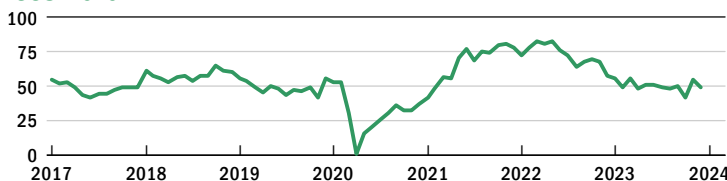
	Percent Reporting		Index
	Higher	Lower	
Nov	26.6	12.7	13.9
Dec	27.3	9.3	18.0
Change			4.1

Wages



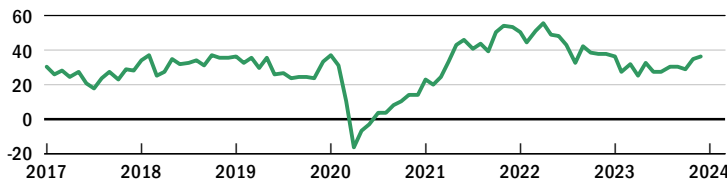
	Percent Reporting		Index
	Higher	Lower	
Nov	55.1	2.6	52.6
Dec	54.7	2.5	52.2
Change			-0.4

Prices Paid



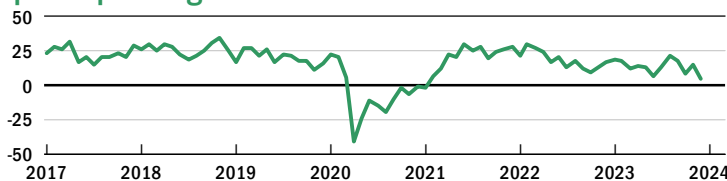
	Percent Reporting		Index
	Higher	Lower	
Nov	57.3	2.5	54.8
Dec	53.1	4.4	48.8
Change			-6.0

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Nov	39.4	4.5	34.8
Dec	42.1	5.7	36.5
Change			1.7

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Nov	30.4	15.2	15.2
Dec	24.8	19.9	5.0
Change			-10.2