

Business Leaders Survey

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

Activity in the region's service sector grew strongly, according to firms responding to the Federal Reserve Bank of New York's May 2019 *Business Leaders Survey*. The survey's headline business activity index climbed ten points to 20.6, its highest level in several months. The business climate index rose nine points to 10.7, indicating that, on balance, firms regarded the business climate as better than normal. Employment levels increased moderately, and wage increases were less widespread than last month. Both the prices paid and prices received indexes moved higher, pointing to greater price increases than in April. Firms remained optimistic about the six-month outlook.

Growth Picks Up

Business activity in the region's service sector expanded at a solid pace in May.

The headline business activity index rose ten points to 20.6, its highest level since September of last year. Thirty-nine percent of respondents reported that conditions improved over the month, and 18 percent said that conditions worsened. The business climate index increased nine points to 10.7, signaling that, on balance, firms viewed the business climate as better than normal.

Wage Increases Slow

The employment index climbed seven points to 12.2, indicating that employment levels increased at a solid clip. The wages index fell six points to 37.1, its second consecutive monthly decline, suggesting that wage increases were less widespread than in April. The prices paid index edged up two points

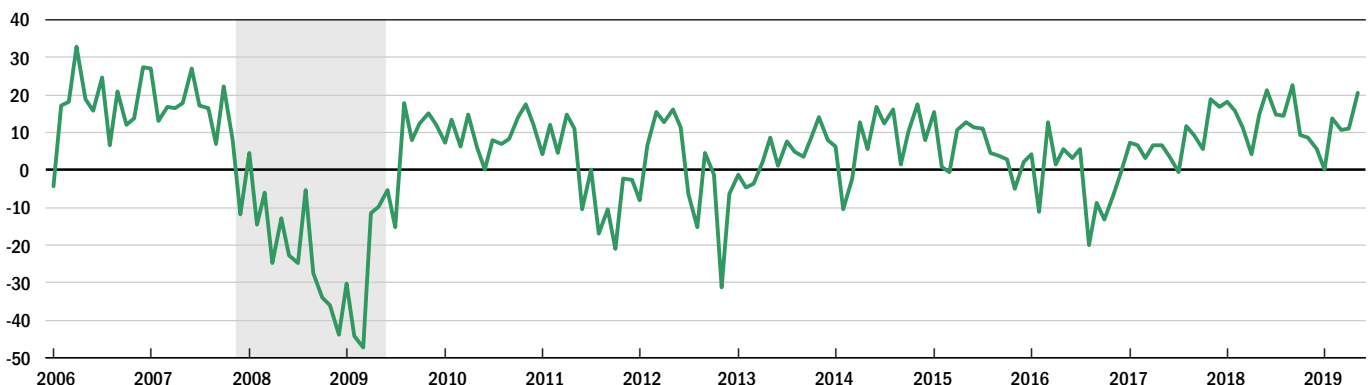
to 50.3, indicating that input prices increased at a slightly faster pace than last month. At 28.2, the prices received index was up nine points from April, a sign that selling price increases picked up. The capital spending index rose to 15.5, suggesting that capital spending grew at a respectable clip.

Firms Remain Fairly Optimistic

Indexes assessing the six-month outlook indicated that firms remained fairly optimistic about future conditions. The index for future business activity edged up two points to 33.1, and the index for future business climate increased five points to 9.0. The indexes for future employment and wages both moved higher, and the index for planned capital spending came in at 25.7. ■

Business Activity

Diffusion Index

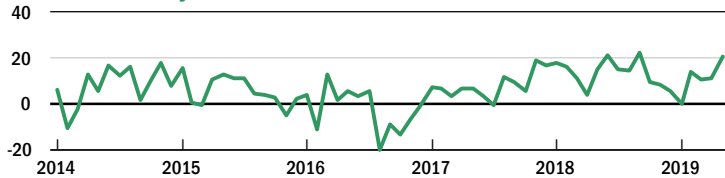


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

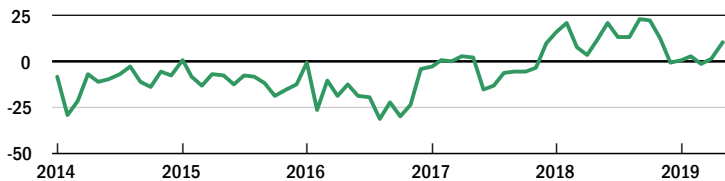
Change from Preceding Month

Business Activity



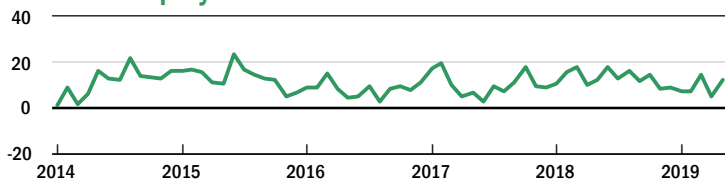
	Percent Reporting		Index
	Higher	Lower	
Apr	32.7	21.8	10.9
May	38.9	18.3	20.6
Change			9.7

Business Climate



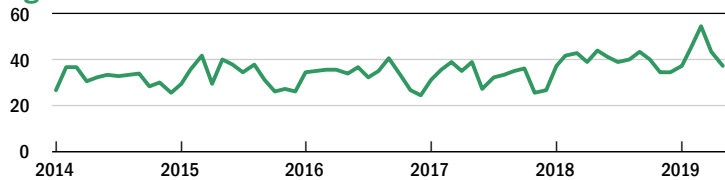
	Percent Reporting		Index
	Favorable	Unfavorable	
Apr	25.7	24.0	1.8
May	28.8	18.1	10.7
Change			8.9

Number of Employees



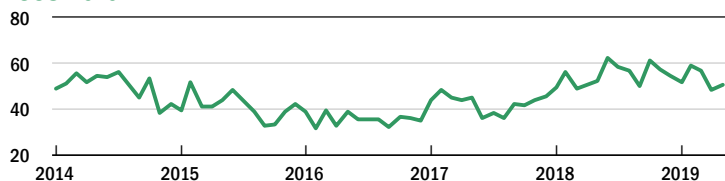
	Percent Reporting		Index
	Higher	Lower	
Apr	25.7	21.0	4.8
May	30.2	18.0	12.2
Change			7.4

Wages



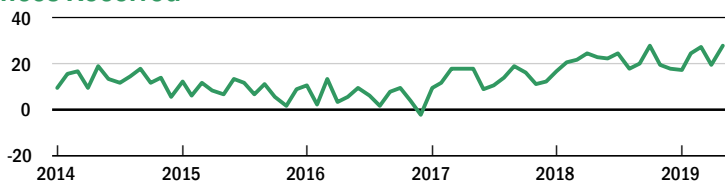
	Percent Reporting		Index
	Higher	Lower	
Apr	45.8	2.4	43.4
May	40.6	3.5	37.1
Change			-6.3

Prices Paid



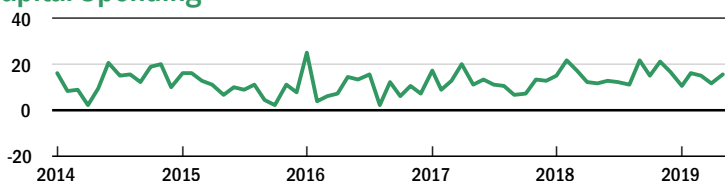
	Percent Reporting		Index
	Higher	Lower	
Apr	51.2	3.0	48.2
May	52.6	2.3	50.3
Change			2.1

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Apr	28.5	9.1	19.4
May	32.2	4.1	28.1
Change			8.7

Capital Spending

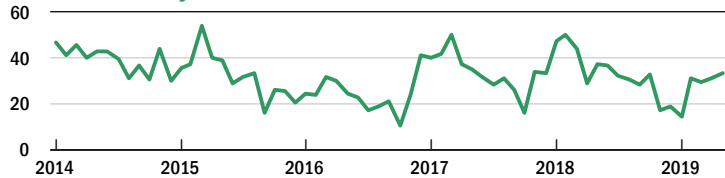


	Percent Reporting		Index
	Higher	Lower	
Apr	25.6	13.8	11.9
May	31.5	16.1	15.5
Change			3.6

Forward-Looking Indicators

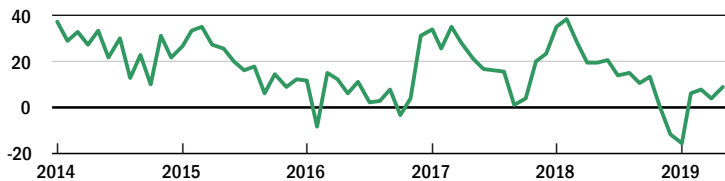
Expectations Six Months Ahead

Business Activity



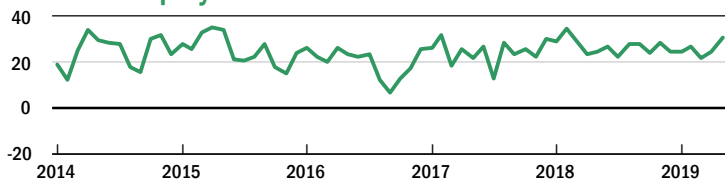
	Percent Reporting		Index
	Higher	Lower	
Apr	45.7	14.6	31.1
May	46.3	13.1	33.1
Change			2.0

Business Climate



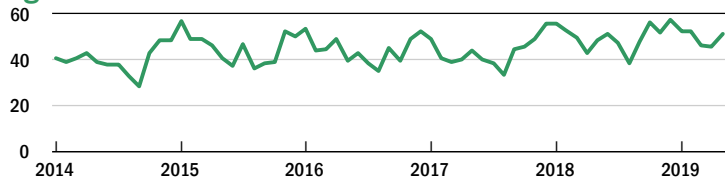
	Percent Reporting		Index
	Favorable	Unfavorable	
Apr	29.2	25.6	3.6
May	29.9	20.9	9.0
Change			5.4

Number of Employees



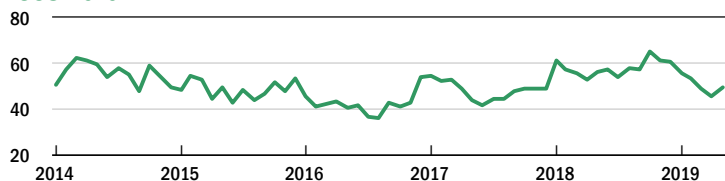
	Percent Reporting		Index
	Higher	Lower	
Apr	37.7	13.0	24.7
May	41.7	10.9	30.9
Change			6.2

Wages



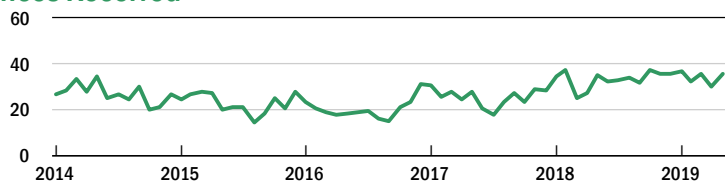
	Percent Reporting		Index
	Higher	Lower	
Apr	47.3	1.8	45.5
May	52.3	1.2	51.2
Change			5.7

Prices Paid



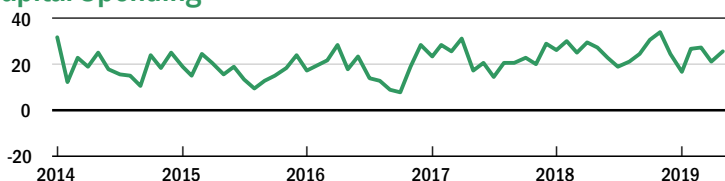
	Percent Reporting		Index
	Higher	Lower	
Apr	48.8	3.1	45.7
May	52.6	2.9	49.7
Change			4.0

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Apr	35.6	5.6	30.0
May	40.5	4.6	35.8
Change			5.8

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Apr	33.5	12.2	21.3
May	38.9	13.1	25.7
Change			4.4