

Business Leaders Survey

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

Note: Survey responses were collected between January 3 and January 10.

Activity continued to decline modestly in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s January 2024 *Business Leaders Survey*. The survey’s headline business activity index increased five points, but remained negative at -9.7. The business climate index rose eight points to -30.3, suggesting the business climate remains worse than normal, though to a somewhat lesser extent than last month. Employment declined modestly, though wage increases picked up. The pace of price increases was little changed. Looking ahead, optimism about the six-month outlook improved, but remained subdued.

Activity Continues to Drop

Business activity continued to decline, according to the January survey. The headline business activity index climbed five points, but held below zero at -9.7. Twenty-two percent of

ECONOMIST COMMENTARY

“Business activity continued to decline in the region’s service sector in January, while employment fell for the first time in nearly three years. Despite current conditions, firms remain moderately optimistic about the outlook.”

~Richard Deitz, Economic Research Advisor at the New York Fed

respondents reported that conditions improved over the month and 32 percent said that conditions worsened. The business climate index rose eight points to -30.3, suggesting that the business climate remains considerably worse than normal.

Employment Contracts

The employment index fell five points to -6.5, its lowest reading in nearly three years, suggesting that employment levels shrank modestly. The wages index moved up sixteen points to 41.9, pointing to a pickup in wage increases. The prices paid and prices

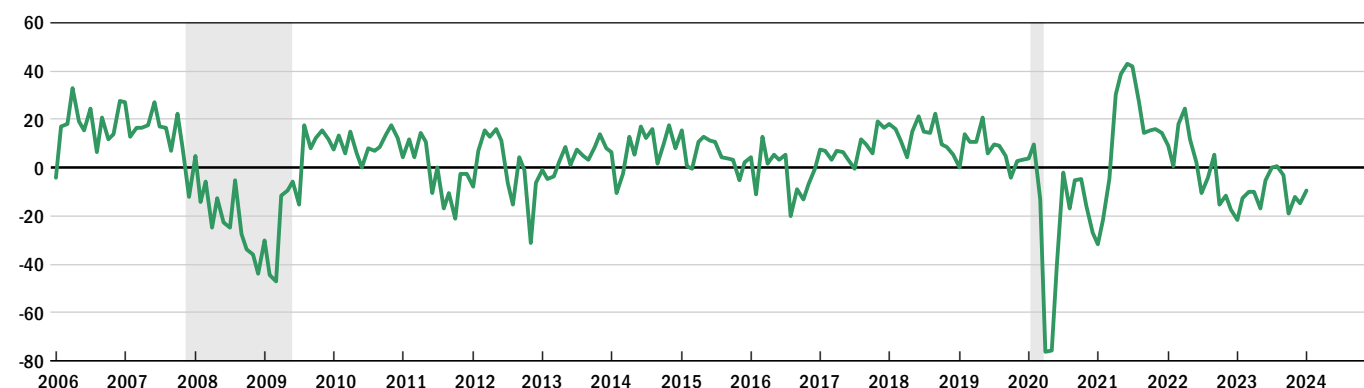
received indexes both held steady at 45.2 and 24.7, respectively, suggesting that the pace of price increases was little changed. The capital spending index remained weak at 4.5.

Firms Somewhat More Optimistic

The index for future business activity climbed twelve points to 24.5, and the index for the future business climate climbed to a level just above zero, suggesting that firms were more optimistic about future conditions than last month, though optimism remained subdued. Employment is expected to grow in the months ahead. ■

Business Activity

Diffusion Index

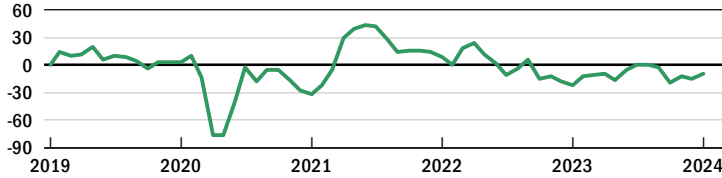


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

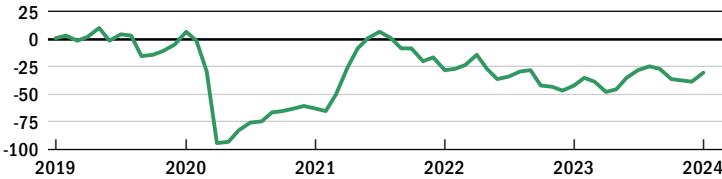
Change from Preceding Month

Business Activity



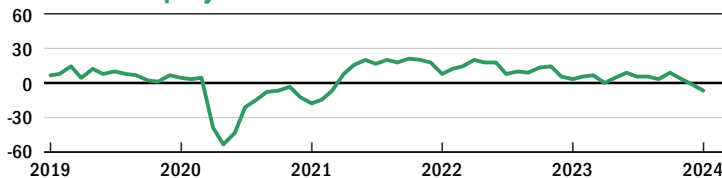
	Percent Reporting		Index
	Higher	Lower	
Dec	22.0	36.6	-14.6
Jan	21.9	31.6	-9.7
Change			4.9

Business Climate



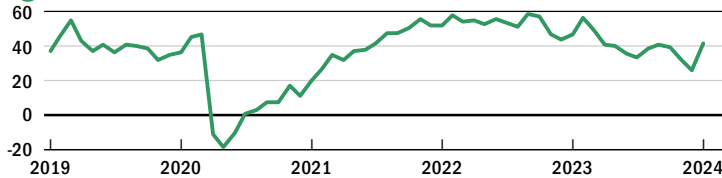
	Percent Reporting		Index
	Favorable	Unfavorable	
Dec	8.5	47.0	-38.4
Jan	11.0	41.3	-30.3
Change			8.1

Number of Employees



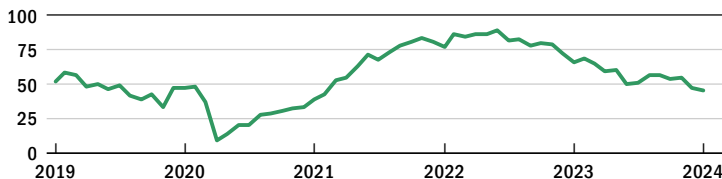
	Percent Reporting		Index
	Higher	Lower	
Dec	17.3	18.5	-1.2
Jan	16.8	23.2	-6.5
Change			-5.3

Wages



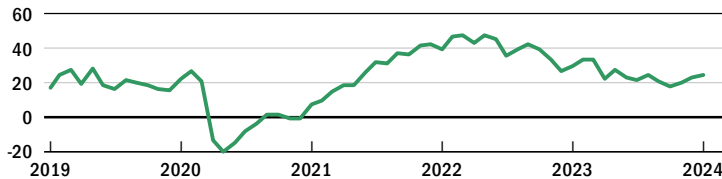
	Percent Reporting		Index
	Higher	Lower	
Dec	28.4	2.5	25.9
Jan	44.5	2.6	41.9
Change			16.0

Prices Paid



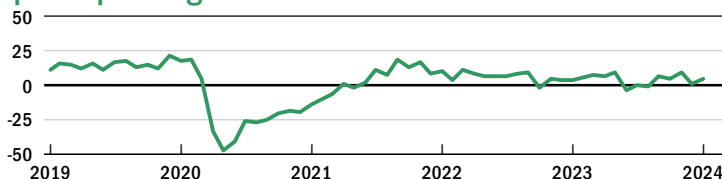
	Percent Reporting		Index
	Higher	Lower	
Dec	51.3	4.4	46.9
Jan	49.7	4.5	45.2
Change			-1.7

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Dec	31.3	8.1	23.1
Jan	29.2	4.5	24.7
Change			1.6

Capital Spending

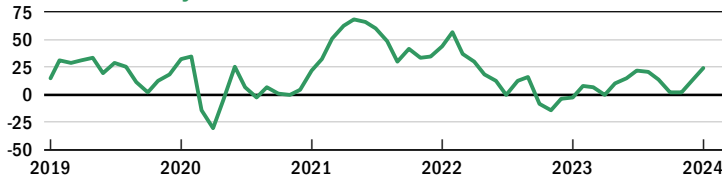


	Percent Reporting		Index
	Higher	Lower	
Dec	20.1	18.9	1.3
Jan	22.6	18.1	4.5
Change			3.2

Forward-Looking Indicators

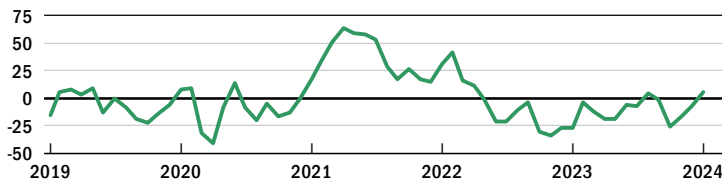
Expectations Six Months Ahead

Business Activity



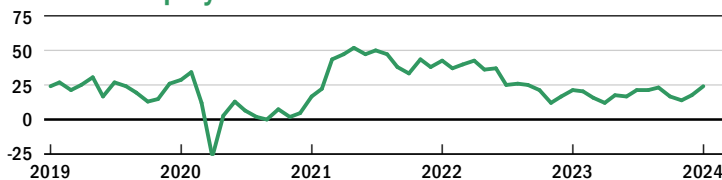
	Percent Reporting		Index
	Higher	Lower	
Dec	32.9	20.7	12.2
Jan	39.4	14.8	24.5
Change			12.3

Business Climate



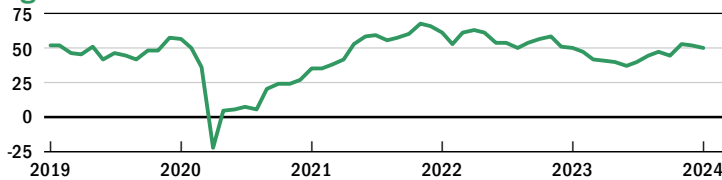
	Percent Reporting		Index
	Better	Worse	
Dec	22.7	30.1	-7.4
Jan	25.8	20.6	5.2
Change			12.6

Number of Employees



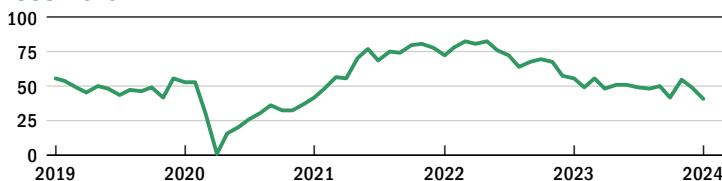
	Percent Reporting		Index
	Higher	Lower	
Dec	27.3	9.3	18.0
Jan	34.6	10.5	24.2
Change			6.2

Wages



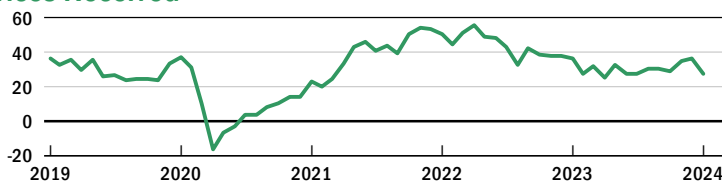
	Percent Reporting		Index
	Higher	Lower	
Dec	54.7	2.5	52.2
Jan	51.6	2.0	49.7
Change			-2.5

Prices Paid



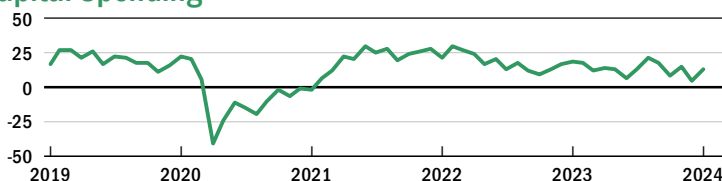
	Percent Reporting		Index
	Higher	Lower	
Dec	53.1	4.4	48.8
Jan	45.8	5.2	40.5
Change			-8.3

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Dec	42.1	5.7	36.5
Jan	34.2	6.6	27.6
Change			-8.9

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Dec	24.8	19.9	5.0
Jan	28.8	15.7	13.1
Change			8.1