

Business Leaders Survey

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

Note: Survey responses were collected between May 2 and May 9.

Activity edged higher in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's May 2024 *Business Leaders Survey*. The survey's headline business activity index climbed four points to 3.0, its highest reading in over a year. The business climate index, however, fell seven points to -25.6, suggesting the business climate remains worse than normal, and to a greater extent than last month. Employment inched just slightly higher, and wages increased at a similar pace to last month. Input price increases picked up slightly, while selling price increases held steady. Capital spending remained weak. Looking ahead, firms were less optimistic about future conditions, though the business climate is expected to be about normal in six months.

Activity Expands, Though Only to a Small Degree

Business activity grew slightly in the New York-Northern New Jersey region, according to the May survey. The headline

ECONOMIST COMMENTARY

“Business activity edged higher in the New York-Northern New Jersey region's service sector in May, the first such increase in well over a year. However, firms were not very optimistic about future business conditions. Employment grew only slightly but is expected to grow at a solid clip in the months ahead.”

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

business activity index rose four points to 3.0, which, while only slightly above zero, represented its highest reading in well over a year. Twenty-eight percent of respondents reported that conditions improved over the month and 25 percent said that conditions worsened. However, the business climate index fell seven points to -25.6, pointing to a worsening climate for regional firms.

Employment Edges Up

The employment index inched up to 3.5, suggesting that employment levels were just slightly higher than last month. The wages index, unchanged at 33.2, indicated that wages increased at the same pace as in April. The prices paid index moved up

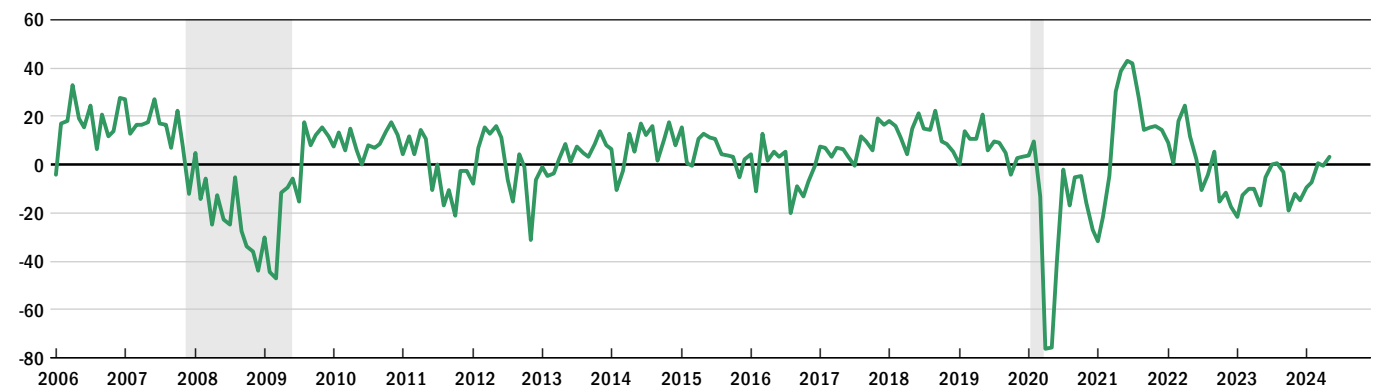
four points to 57.6, pointing to a small pickup in input price increases, while the prices received index held steady at 22.4, suggesting selling price increases were similar to last month. The capital spending index came in at 2.5, a sign that capital spending remained sluggish.

Optimism Subdued

The index for future business activity fell eleven points to 20.6, and the index for the future business climate fell nine points to 1.5, suggesting that firms were not very optimistic about future conditions. However, employment is expected to increase solidly in the months ahead. ■

Business Activity

Diffusion Index

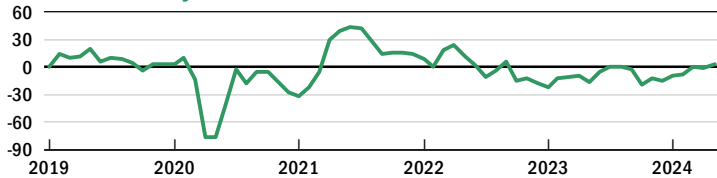


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

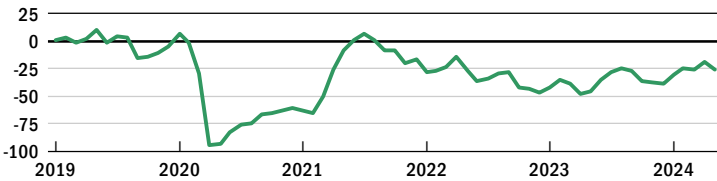
Change from Preceding Month

Business Activity



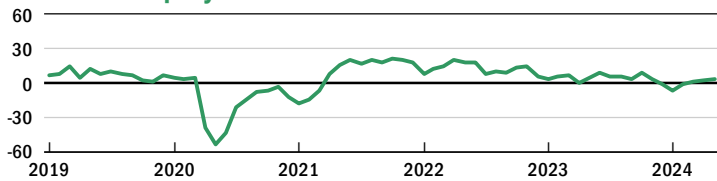
	Percent Reporting		Index
	Higher	Lower	
Apr	27.4	27.9	-0.6
May	28.3	25.3	3.0
Change			3.6

Business Climate



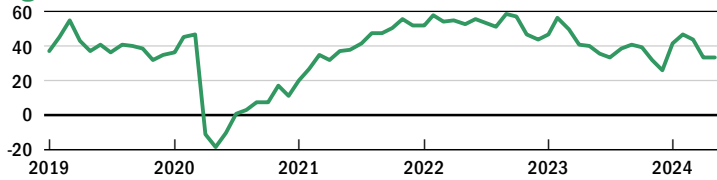
	Percent Reporting		Index
	Favorable	Unfavorable	
Apr	19.6	38.5	-19.0
May	15.1	40.7	-25.6
Change			-6.6

Number of Employees



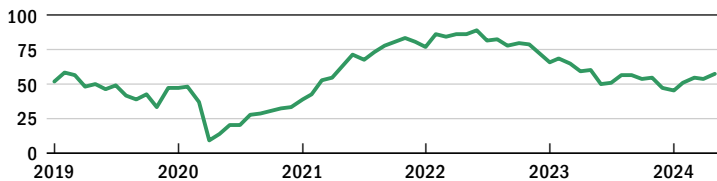
	Percent Reporting		Index
	Higher	Lower	
Apr	20.3	18.1	2.3
May	20.1	16.6	3.5
Change			1.2

Wages



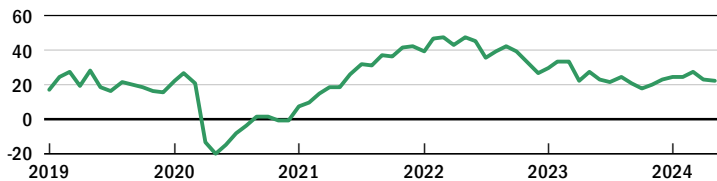
	Percent Reporting		Index
	Higher	Lower	
Apr	36.7	3.4	33.3
May	35.7	2.5	33.2
Change			-0.1

Prices Paid



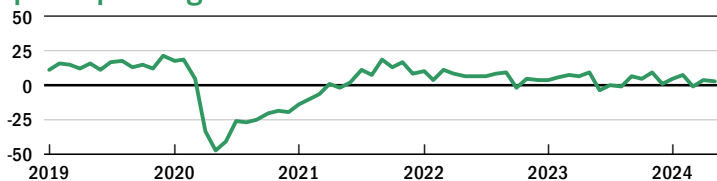
	Percent Reporting		Index
	Higher	Lower	
Apr	56.3	2.8	53.4
May	60.6	3.0	57.6
Change			4.2

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Apr	29.0	6.3	22.7
May	30.6	8.2	22.4
Change			-0.3

Capital Spending

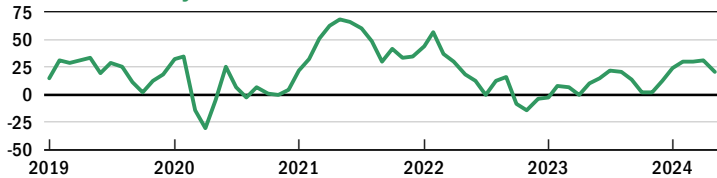


	Percent Reporting		Index
	Higher	Lower	
Apr	22.9	18.9	4.0
May	20.7	18.2	2.5
Change			-1.5

Forward-Looking Indicators

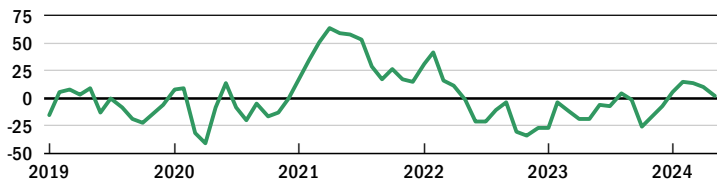
Expectations Six Months Ahead

Business Activity



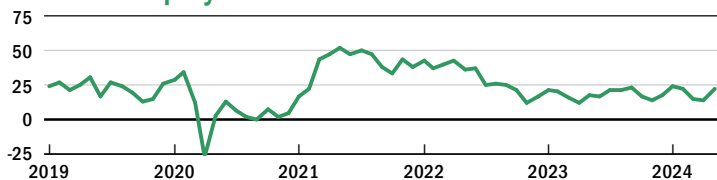
	Percent Reporting		Index
	Higher	Lower	
Apr	43.6	12.3	31.3
May	37.2	16.6	20.6
Change			-10.7

Business Climate



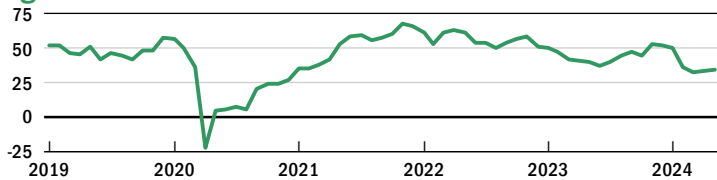
	Percent Reporting		Index
	Better	Worse	
Apr	28.2	18.1	10.2
May	24.1	22.6	1.5
Change			-8.7

Number of Employees



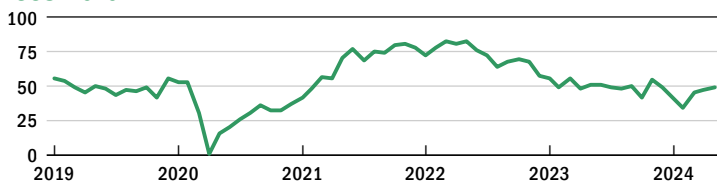
	Percent Reporting		Index
	Higher	Lower	
Apr	26.0	11.8	14.2
May	29.8	7.4	22.3
Change			8.1

Wages



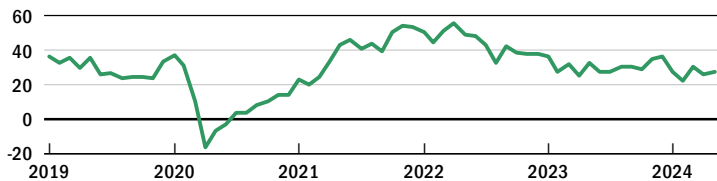
	Percent Reporting		Index
	Higher	Lower	
Apr	35.5	1.8	33.7
May	36.7	2.1	34.6
Change			0.9

Prices Paid



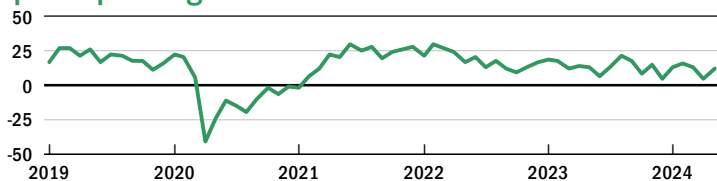
	Percent Reporting		Index
	Higher	Lower	
Apr	50.6	3.0	47.6
May	51.1	2.1	48.9
Change			1.3

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Apr	31.1	5.4	25.7
May	34.8	7.0	27.8
Change			2.1

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Apr	25.1	20.4	4.8
May	25.7	13.4	12.3
Change			7.5