

# Business Leaders Survey

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

Activity in the region's service sector grew modestly, according to firms responding to the Federal Reserve Bank of New York's July 2019 *Business Leaders Survey*. The survey's headline business activity index rose four points to 9.7. The business climate index climbed to 4.7, indicating that, on balance, firms regarded the business climate as better than normal. Employment levels continued to increase modestly, and wage increases were less widespread than last month. Input prices increased at a slightly stronger pace than in June, while selling price increases were slightly lower. Optimism picked up, with the index for future business climate reading around zero.

### Growth Picks Up

Business activity in the region's service sector grew at a faster pace than last

month. After posting a sharp decline last month, the headline business activity index climbed four points to 9.7. Thirty-four percent of respondents reported that conditions improved over the month, and 24 percent said that conditions worsened. The business climate index increased six points to 4.7, signaling that, on balance, firms viewed the business climate as better than normal.

### Payrolls Continue to Increase

The employment index edged up two points to 9.7, indicating that employment levels increased. The wages index fell five points to 36.4, suggesting that wage increases were somewhat less widespread. The prices paid index edged up three points to 49.4, indicating that input prices

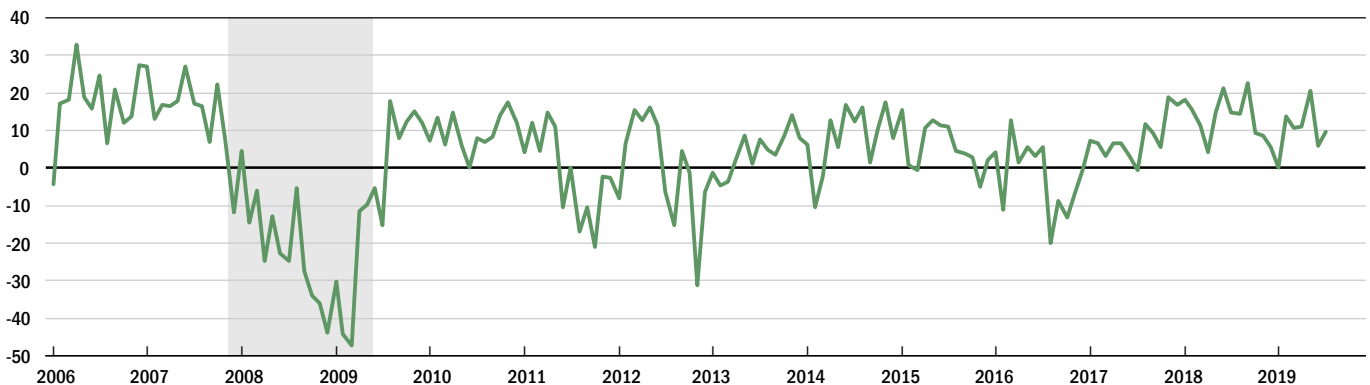
increased at a slightly sharper pace than in June. The prices received index fell two points to 16.6, a sign that selling price increases slowed somewhat. The capital spending index rose six points to 16.5.

### Firms More Optimistic

Indexes assessing the six-month outlook suggested that businesses were more optimistic than they were in June. The index for future business activity rose nine points to 28.4. The index for future business climate increased twelve points to a level of around zero, suggesting that firms expected the business climate to be normal. Employment and wages are both expected to increase in the months ahead. The index for planned capital spending rose to 22.1. ■

## Business Activity

Diffusion Index

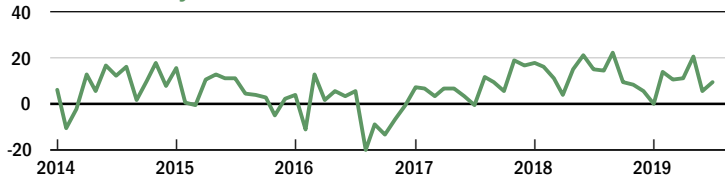


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

# Current Indicators

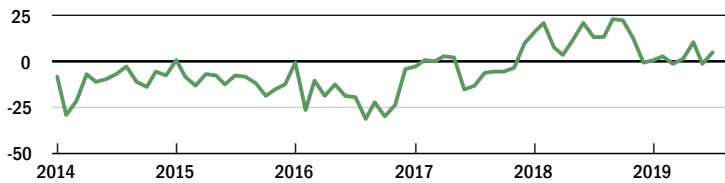
Change from Preceding Month

## Business Activity



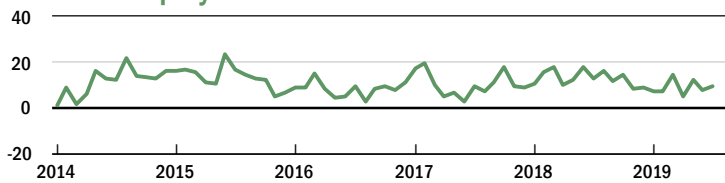
	Percent Reporting		Index
	Higher	Lower	
Jun	33.9	28.1	5.8
Jul	33.9	24.2	9.7
Change			3.9

## Business Climate



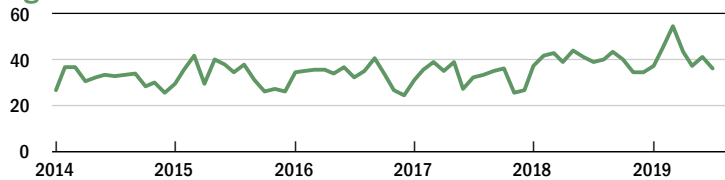
	Percent Reporting		Index
	Favorable	Unfavorable	
Jun	23.1	24.3	-1.2
Jul	24.4	19.8	4.7
Change			5.9

## Number of Employees



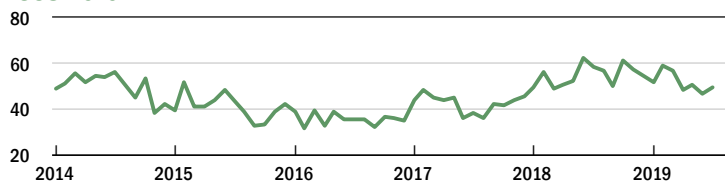
	Percent Reporting		Index
	Higher	Lower	
Jun	27.2	19.5	7.7
Jul	27.3	17.6	9.7
Change			2.0

## Wages



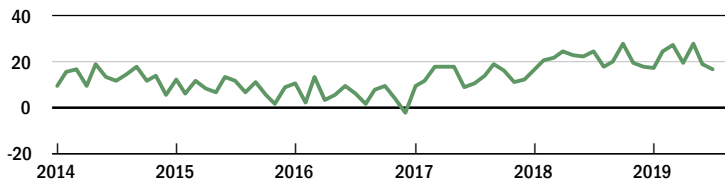
	Percent Reporting		Index
	Higher	Lower	
Jun	44.0	3.0	41.1
Jul	38.8	2.4	36.4
Change			-4.7

## Prices Paid



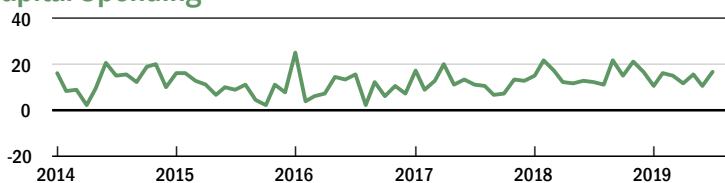
	Percent Reporting		Index
	Higher	Lower	
Jun	50.9	4.1	46.7
Jul	51.2	1.9	49.4
Change			2.7

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jun	25.3	6.6	18.7
Jul	23.9	7.4	16.6
Change			-2.1

## Capital Spending

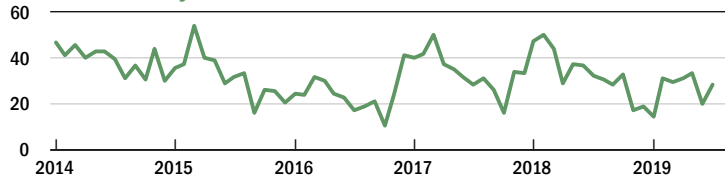


	Percent Reporting		Index
	Higher	Lower	
Jun	25.3	14.5	10.8
Jul	29.3	12.8	16.5
Change			5.7

# Forward-Looking Indicators

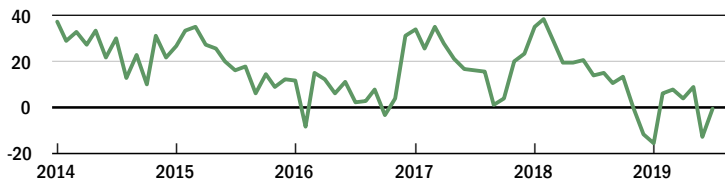
Expectations Six Months Ahead

## Business Activity



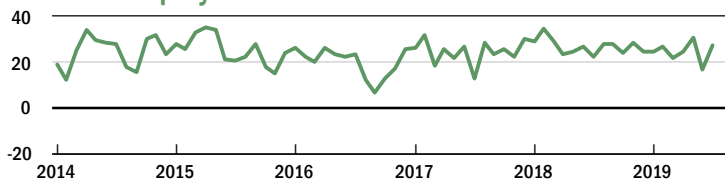
	Percent Reporting		Index
	Higher	Lower	
Jun	41.9	22.1	19.8
Jul	45.6	17.2	28.4
Change			8.6

## Business Climate



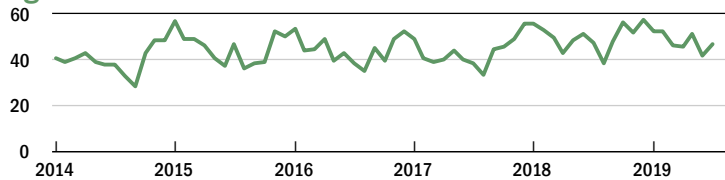
	Percent Reporting		Index
	Favorable	Unfavorable	
Jun	20.3	33.1	-12.8
Jul	26.0	26.6	-0.6
Change			12.2

## Number of Employees



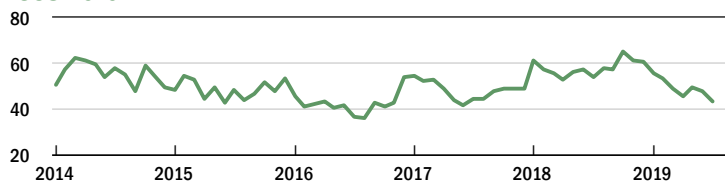
	Percent Reporting		Index
	Higher	Lower	
Jun	33.5	16.8	16.8
Jul	37.3	10.2	27.1
Change			10.3

## Wages



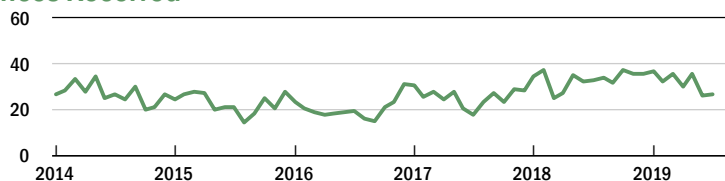
	Percent Reporting		Index
	Higher	Lower	
Jun	44.6	3.0	41.7
Jul	48.5	1.8	46.7
Change			5.0

## Prices Paid



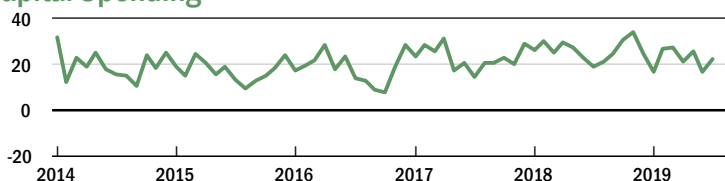
	Percent Reporting		Index
	Higher	Lower	
Jun	52.7	4.8	47.9
Jul	48.2	4.8	43.4
Change			-4.5

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jun	34.1	7.8	26.3
Jul	33.9	7.3	26.7
Change			0.4

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jun	32.9	16.2	16.8
Jul	34.4	12.3	22.1
Change			5.3