

Business Leaders Survey

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

Activity in the region's service sector continued to expand, according to firms responding to the Federal Reserve Bank of New York's August 2019 *Business Leaders Survey*. The survey's headline business activity index was little changed at 9.1. The business climate index held slightly above zero, indicating that, on balance, firms regarded the business climate as better than normal. Employment levels rose modestly, and wage increases picked up. The prices paid index moved down seven points to 42.0, its lowest level in nearly two years, while the prices received index increased five points to 21.7. Optimism was slightly lower than last month, with the index for future business climate remaining below zero for a third consecutive month.

Modest Growth Continues

Business activity continued to grow in the region's service sector in August. The headline business activity index held steady at 9.1. Thirty-four percent of respondents reported that conditions improved over the month, and 25 percent said that conditions worsened. The business climate index edged down to 2.8, its positive reading indicating that, on balance, firms viewed the business climate as better than normal.

Input Price Increases Slow, While Selling Price Increases Pick Up

The employment index was little changed at 8.0, pointing to a modest increase in employment levels. The wages index climbed five points to 40.9, suggesting that wage gains picked up. The prices paid index fell seven points to 42.0, indicating a slower pace of

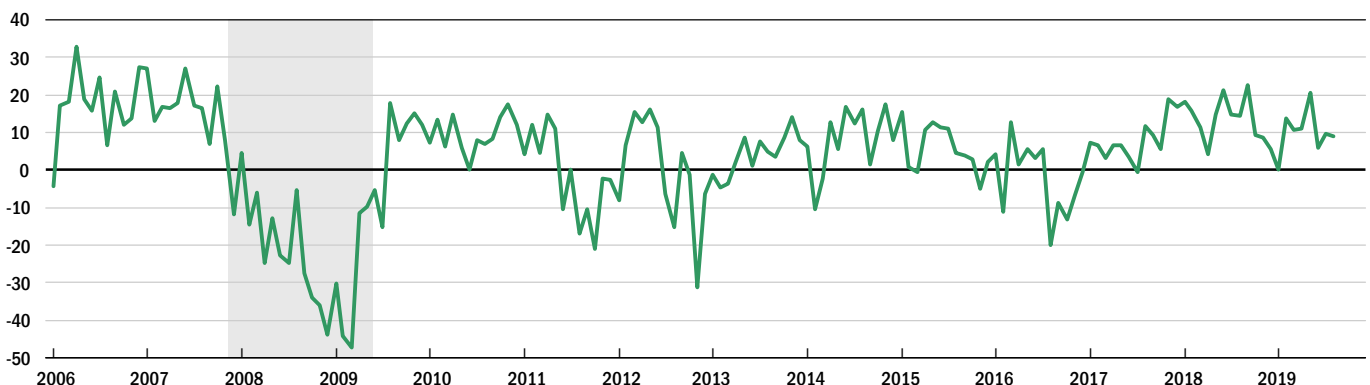
input price increases than last month; with this month's decline, the index has fallen a cumulative 17 points since February. The prices received index moved up five points to 21.7, pointing to a pickup in selling price increases. The capital spending index was little changed at 17.8.

Optimism Slightly Less Widespread

Firms were somewhat less optimistic about the six-month outlook. The index for future business activity fell three points to 25.0, and the index for future business climate declined seven points to -8.0, its third consecutive reading below zero. The indexes for future wages and future employment both moved slightly lower, and the index for planned capital spending came in at 21.3. ■

Business Activity

Diffusion Index

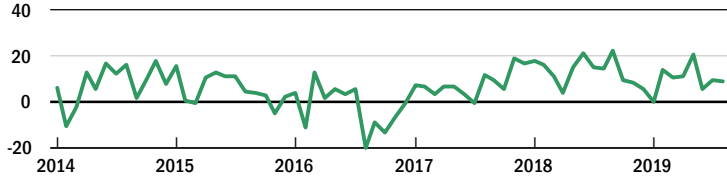


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

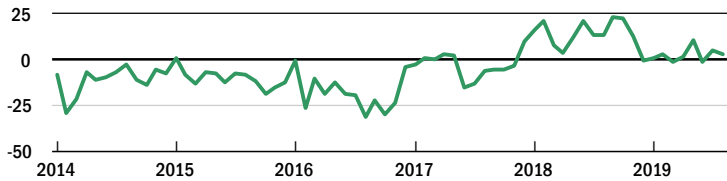
Change from Preceding Month

Business Activity



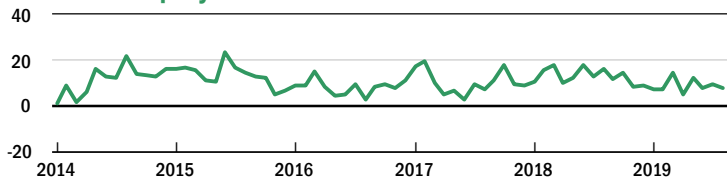
	Percent Reporting		Index
	Higher	Lower	
Jul	33.9	24.2	9.7
Aug	34.1	25.0	9.1
Change			-0.6

Business Climate



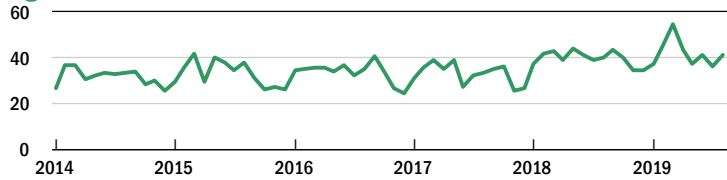
	Percent Reporting		Index
	Favorable	Unfavorable	
Jul	24.4	19.8	4.7
Aug	26.4	23.6	2.8
Change			-1.9

Number of Employees



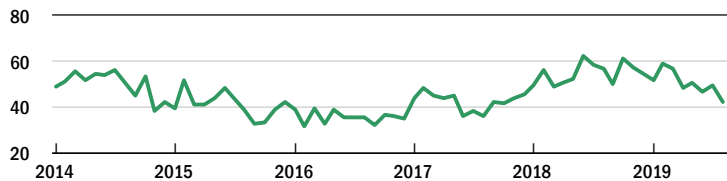
	Percent Reporting		Index
	Higher	Lower	
Jul	27.3	17.6	9.7
Aug	25.6	17.6	8.0
Change			-1.7

Wages



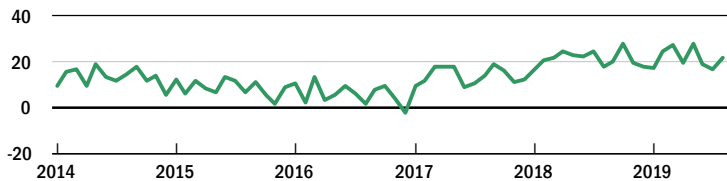
	Percent Reporting		Index
	Higher	Lower	
Jul	38.8	2.4	36.4
Aug	43.2	2.3	40.9
Change			4.5

Prices Paid



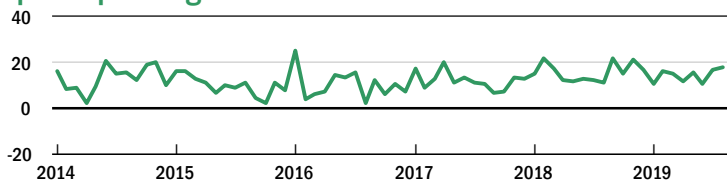
	Percent Reporting		Index
	Higher	Lower	
Jul	51.2	1.9	49.4
Aug	47.2	5.1	42.0
Change			-7.4

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jul	23.9	7.4	16.6
Aug	27.4	5.7	21.7
Change			5.1

Capital Spending

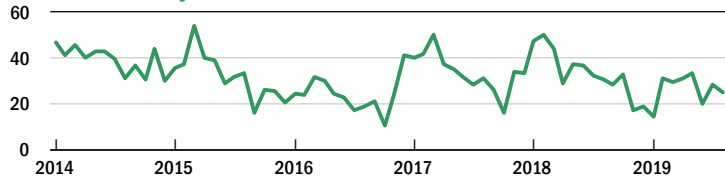


	Percent Reporting		Index
	Higher	Lower	
Jul	29.3	12.8	16.5
Aug	29.9	12.1	17.8
Change			1.3

Forward-Looking Indicators

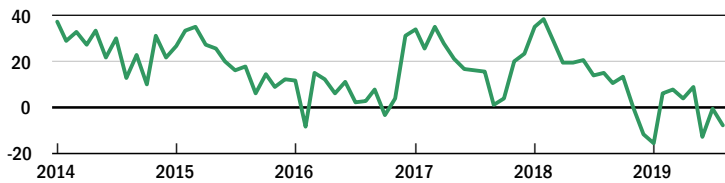
Expectations Six Months Ahead

Business Activity



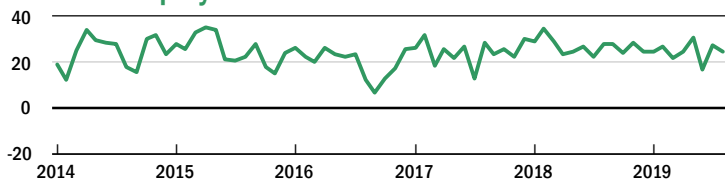
	Percent Reporting		Index
	Higher	Lower	
Jul	45.6	17.2	28.4
Aug	43.8	18.8	25.0
Change			-3.4

Business Climate



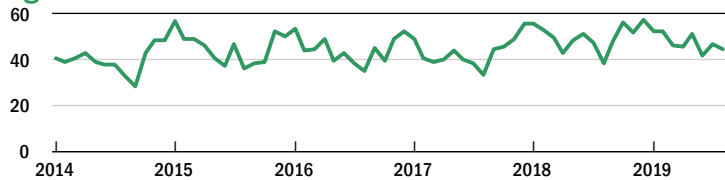
	Percent Reporting		Index
	Favorable	Unfavorable	
Jul	26.0	26.6	-0.6
Aug	25.6	33.5	-8.0
Change			-7.4

Number of Employees



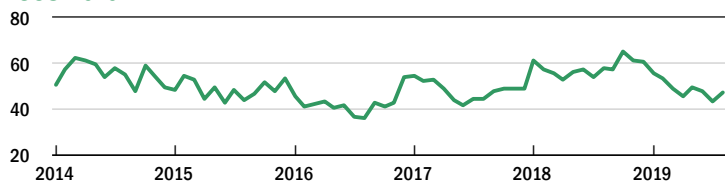
	Percent Reporting		Index
	Higher	Lower	
Jul	37.3	10.2	27.1
Aug	38.2	13.9	24.3
Change			-2.8

Wages



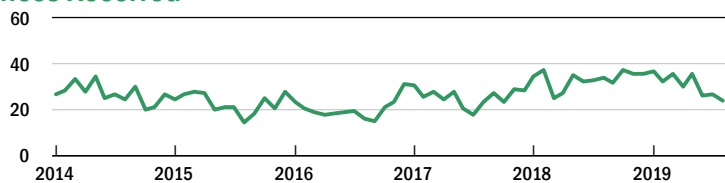
	Percent Reporting		Index
	Higher	Lower	
Jul	48.5	1.8	46.7
Aug	45.6	1.2	44.4
Change			-2.3

Prices Paid



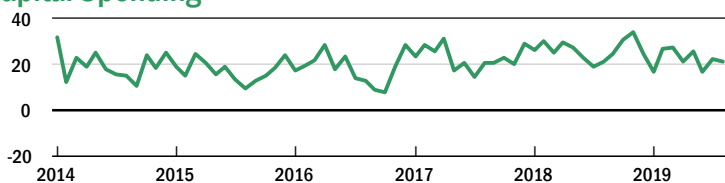
	Percent Reporting		Index
	Higher	Lower	
Jul	48.2	4.8	43.4
Aug	51.4	4.0	47.4
Change			4.0

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jul	33.9	7.3	26.7
Aug	32.8	8.6	24.1
Change			-2.6

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jul	34.4	12.3	22.1
Aug	33.3	12.1	21.3
Change			-0.8