

# Business Leaders Survey

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

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

Activity declined slightly in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's June 2023 *Business Leaders Survey*. The survey's headline business activity index climbed twelve points to -5.2, its highest reading in several months. The business climate index rose ten points but remained staunchly negative at -35.6, suggesting the business climate remains considerably worse than normal. Employment growth picked up to a modest pace despite the decline in activity. Wage increases and price increases moderated. Looking ahead, firms are somewhat more positive about future conditions, though optimism remains subdued.

## Pace of Decline Slows

Business activity declined in the region's

service sector, though at its slowest pace in several months, according to the June survey. The headline business activity index rose twelve points to -5.2. Twenty-eight percent of respondents reported that conditions improved over the month and 33 percent said that conditions worsened. The business climate index moved up ten points to -35.6, suggesting that the business climate remains considerably worse than normal, though less so than last month.

## Employment Growth Picks Up

The employment index advanced four points to 8.6, its second consecutive monthly increase, pointing to a modest increase in employment. The wages index fell five points to 35.6, its lowest reading in two years, suggesting wage increases slowed. The prices paid index

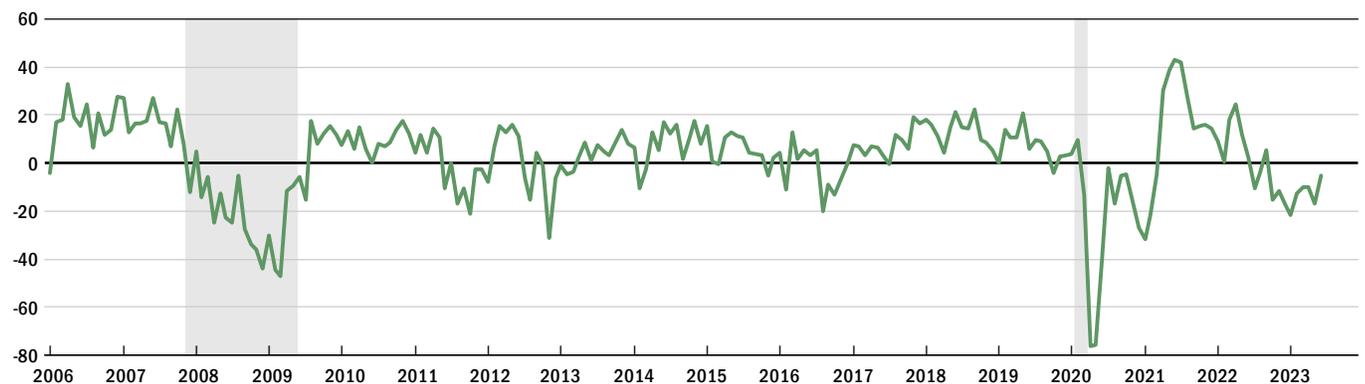
slid ten points to 50.0, its lowest level in nearly two and a half years, indicating that input price increases moderated. The prices received index edged five points lower to 22.8, signaling that selling price increases also slowed. The capital spending index turned negative, and at -3.5, pointed to a slight decline in capital expenditures.

## Optimism Remains Subdued

The index for future business activity rose four points to 14.4, though only 36 percent of respondents expect conditions to improve over the next six months. The index for the future business climate remained negative at -5.7. Employment is expected to grow modestly in the months ahead, and wage and price increases are expected to remain widespread. ■

## Business Activity

Diffusion Index

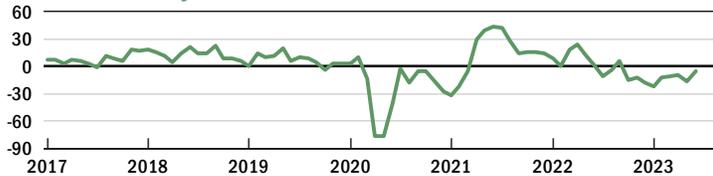


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

# Current Indicators

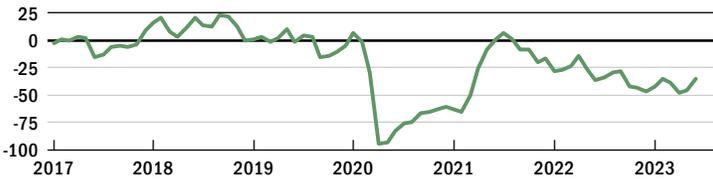
Change from Preceding Month

## Business Activity



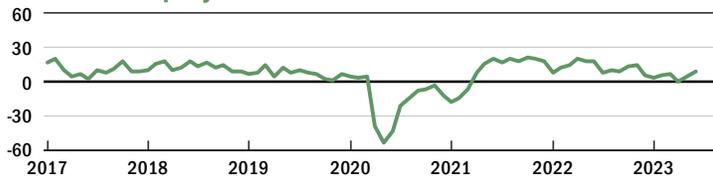
	Percent Reporting		Index
	Higher	Lower	
May	21.2	38.0	-16.8
Jun	27.6	32.8	-5.2
Change			11.6

## Business Climate



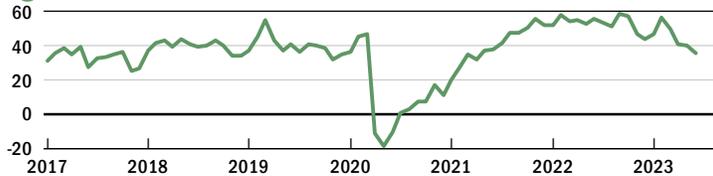
	Percent Reporting		Index
	Favorable	Unfavorable	
May	8.4	54.2	-45.8
Jun	14.9	50.6	-35.6
Change			10.2

## Number of Employees



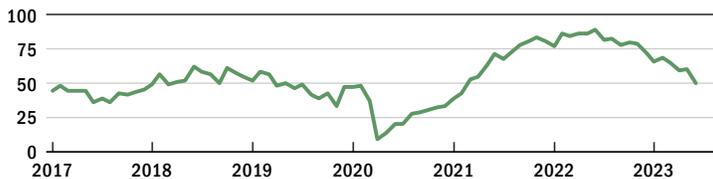
	Percent Reporting		Index
	Higher	Lower	
May	22.3	17.3	5.0
Jun	26.4	17.8	8.6
Change			3.6

## Wages



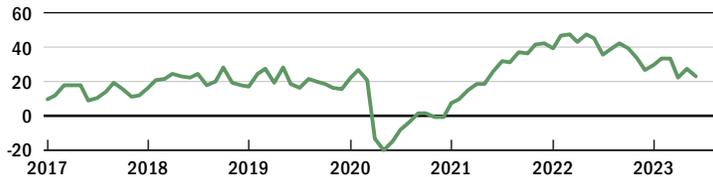
	Percent Reporting		Index
	Higher	Lower	
May	42.1	1.7	40.4
Jun	37.4	1.7	35.6
Change			-4.8

## Prices Paid



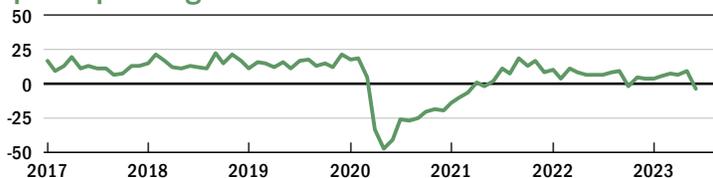
	Percent Reporting		Index
	Higher	Lower	
May	64.0	3.9	60.1
Jun	56.3	6.3	50.0
Change			-10.1

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	34.5	6.8	27.7
Jun	30.4	7.6	22.8
Change			-4.9

## Capital Spending

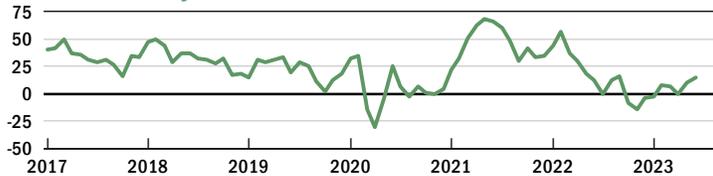


	Percent Reporting		Index
	Higher	Lower	
May	26.6	17.5	9.0
Jun	19.2	22.7	-3.5
Change			-12.5

# Forward-Looking Indicators

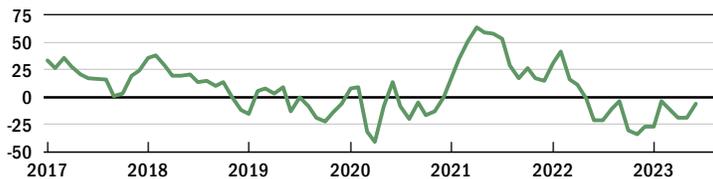
Expectations Six Months Ahead

## Business Activity



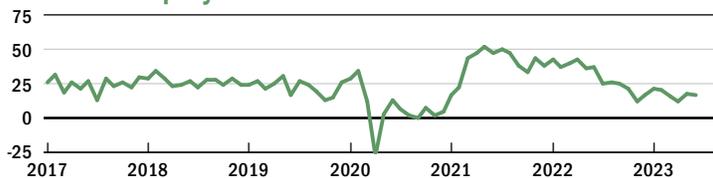
	Percent Reporting		Index
	Higher	Lower	
May	34.8	24.7	10.1
Jun	35.6	21.3	14.4
Change			4.3

## Business Climate



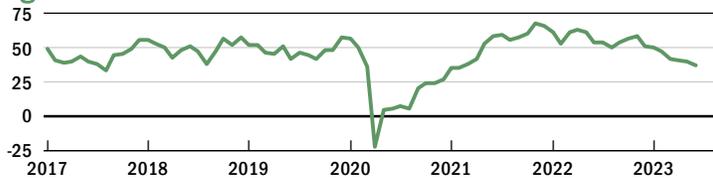
	Percent Reporting		Index
	Better	Worse	
May	15.6	34.1	-18.4
Jun	23.0	28.7	-5.7
Change			12.7

## Number of Employees



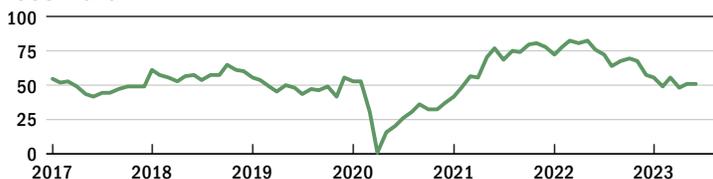
	Percent Reporting		Index
	Higher	Lower	
May	30.9	13.1	17.7
Jun	32.4	15.9	16.5
Change			-1.2

## Wages



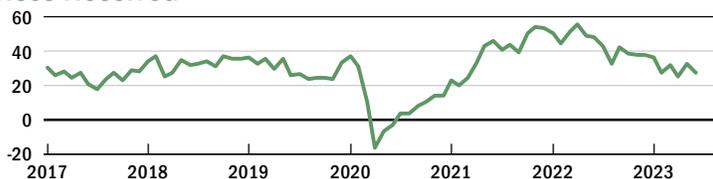
	Percent Reporting		Index
	Higher	Lower	
May	43.8	3.4	40.3
Jun	40.0	2.9	37.1
Change			-3.2

## Prices Paid



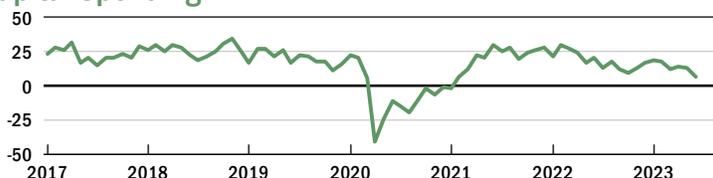
	Percent Reporting		Index
	Higher	Lower	
May	54.0	2.8	51.1
Jun	53.8	3.0	50.9
Change			-0.2

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	38.7	5.8	32.9
Jun	33.9	6.5	27.4
Change			-5.5

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
May	30.7	17.6	13.1
Jun	26.6	20.1	6.5
Change			-6.6