

Business Leaders Survey

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

Note: Survey responses were collected between July 3 and July 11.

Activity held steady in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s July 2023 *Business Leaders Survey*. The survey’s headline business activity index climbed five points to zero, its first non-negative reading in ten months. The business climate index rose eight points, but remained negative at -28.1, suggesting the business climate remains worse than normal. Employment continued to increase, and wage growth moderated somewhat. The pace of price increases was little changed. Looking ahead, firms became more optimistic that conditions will improve over the next six months.

Activity Holds Steady

Business activity was unchanged in the region’s service sector, according to the

July survey. The headline business activity index rose five points to zero. Twenty-nine percent of respondents reported that conditions improved over the month and twenty-nine percent said that conditions worsened. The business climate index climbed eight points to -28.1, a sign that the business climate remains worse than normal, though less so than in recent months.

The Pace of Price Increases Little Changed

The employment index edged down three points to 6.0, pointing to a modest increase in employment. The wages index fell three points to 33.1, its lowest reading in nearly two and a half years, suggesting wage increases

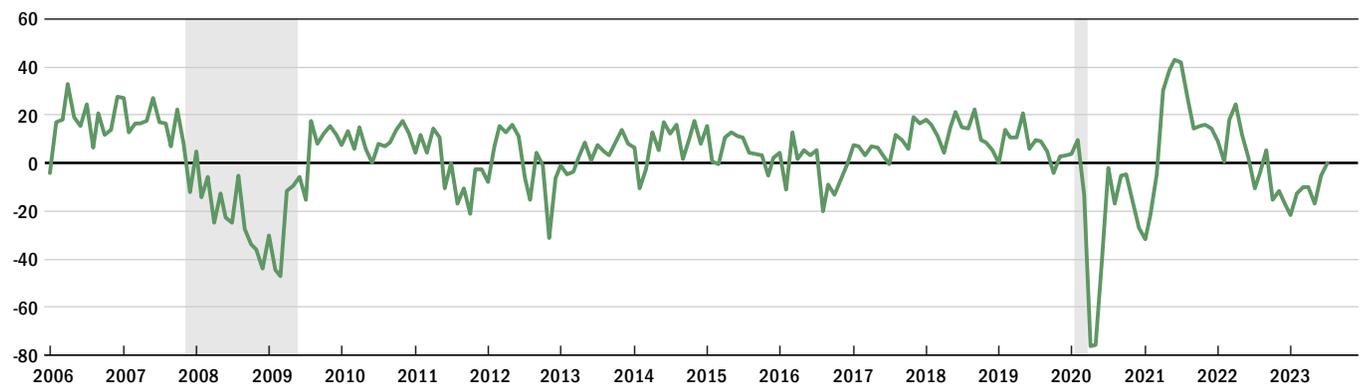
continued to slow. There was little change in the pace of price increases: the prices paid index held steady at 50.6, and the prices received index also held steady at 21.8. The capital spending index came in at zero, suggesting that capital expenditures were unchanged.

Firms Becoming More Optimistic

The index for future business activity rose eight points to 22.3, its highest level in more than a year, pointing to growing optimism about the six-month outlook. The index for the future business climate remained negative at -7.8. Employment is expected to grow modestly in the months ahead, and capital spending plans picked up. ■

Business Activity

Diffusion Index

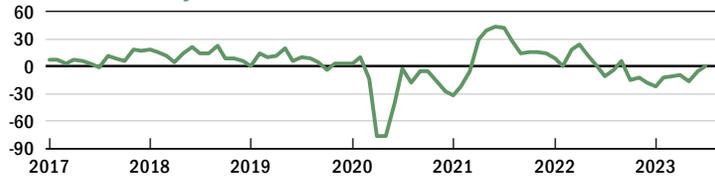


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

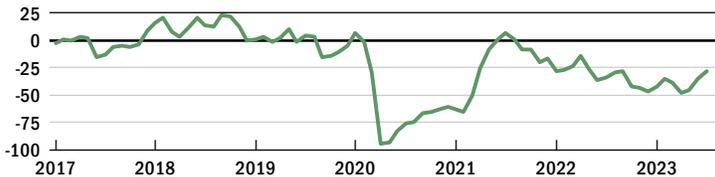
Change from Preceding Month

Business Activity



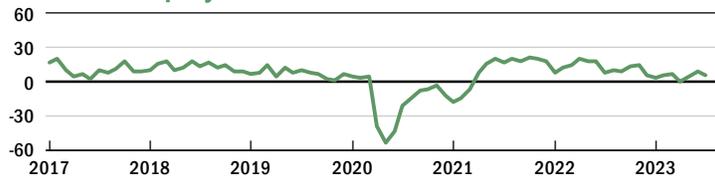
	Percent Reporting		Index
	Higher	Lower	
Jun	27.6	32.8	-5.2
Jul	28.9	28.9	0.0
Change			5.2

Business Climate



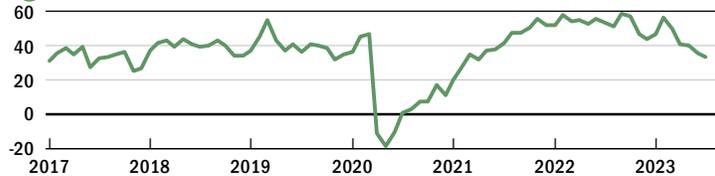
	Percent Reporting		Index
	Favorable	Unfavorable	
Jun	14.9	50.6	-35.6
Jul	14.4	42.5	-28.1
Change			7.5

Number of Employees



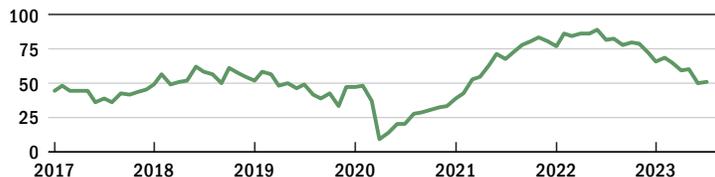
	Percent Reporting		Index
	Higher	Lower	
Jun	26.4	17.8	8.6
Jul	22.9	16.9	6.0
Change			-2.6

Wages



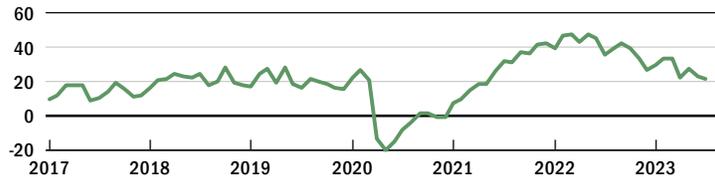
	Percent Reporting		Index
	Higher	Lower	
Jun	37.4	1.7	35.6
Jul	35.5	2.4	33.1
Change			-2.5

Prices Paid



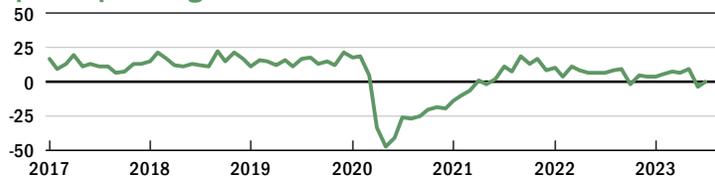
	Percent Reporting		Index
	Higher	Lower	
Jun	56.3	6.3	50.0
Jul	57.2	6.6	50.6
Change			0.6

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jun	30.4	7.6	22.8
Jul	29.1	7.3	21.8
Change			-1.0

Capital Spending

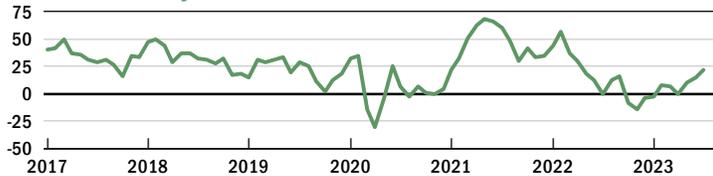


	Percent Reporting		Index
	Higher	Lower	
Jun	19.2	22.7	-3.5
Jul	21.3	21.3	0.0
Change			3.5

Forward-Looking Indicators

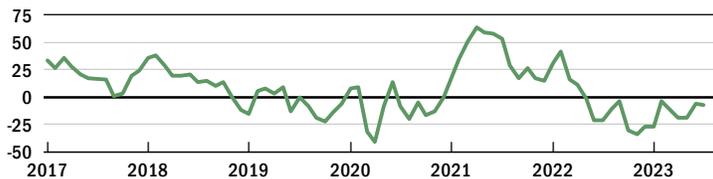
Expectations Six Months Ahead

Business Activity



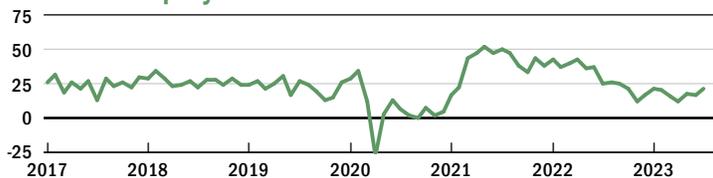
	Percent Reporting		Index
	Higher	Lower	
Jun	35.6	21.3	14.4
Jul	41.6	19.3	22.3
Change			7.9

Business Climate



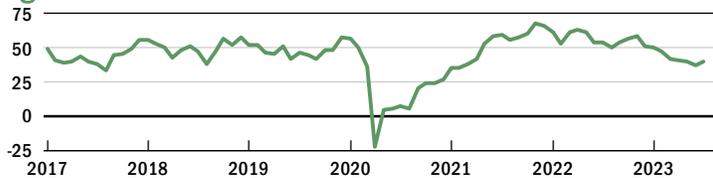
	Percent Reporting		Index
	Better	Worse	
Jun	23.0	28.7	-5.7
Jul	19.2	26.9	-7.8
Change			-2.1

Number of Employees



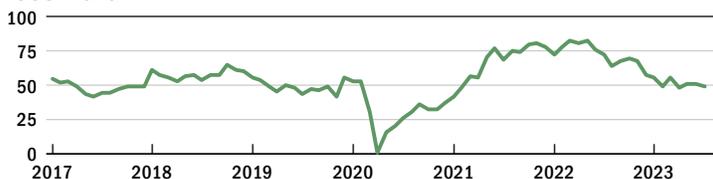
	Percent Reporting		Index
	Higher	Lower	
Jun	32.4	15.9	16.5
Jul	29.2	8.1	21.1
Change			4.6

Wages



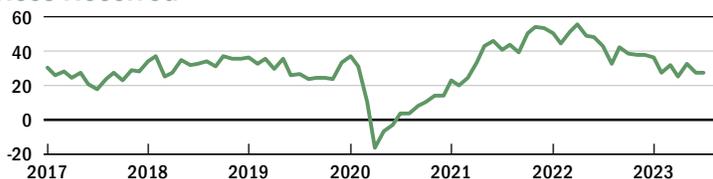
	Percent Reporting		Index
	Higher	Lower	
Jun	40.0	2.9	37.1
Jul	43.2	3.7	39.5
Change			2.4

Prices Paid



	Percent Reporting		Index
	Higher	Lower	
Jun	53.8	3.0	50.9
Jul	53.8	5.0	48.8
Change			-2.1

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jun	33.9	6.5	27.4
Jul	35.6	8.1	27.5
Change			0.1

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jun	26.6	20.1	6.5
Jul	34.2	21.1	13.0
Change			6.5