

Business Leaders Survey

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

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

Activity held steady for a second consecutive month in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's August 2023 *Business Leaders Survey*. The survey's headline business activity index was little changed at 0.6. The business climate index rose four points but remained negative at -24.3, suggesting the business climate remains worse than normal. Employment continued to increase slightly, and wage growth picked up. The pace of price increases was somewhat higher than last month. Looking ahead, firms remained relatively optimistic that conditions will improve over the next six months.

Activity Remains Steady

Business activity was unchanged in the region's service sector for a second

consecutive month, according to the August survey. The headline business activity index held steady at 0.6. Identical to last month, 29 percent of respondents reported that conditions improved over the month and 29 percent said that conditions worsened. The business climate index edged up four points to -24.3, its fourth consecutive monthly increase, a sign that the business climate remains worse than normal but less so than in recent months.

Employment Continues to Edge Higher

The employment index was little changed at 5.4, pointing to another modest increase in employment levels. The wages index climbed six points to 38.9, suggesting a small pickup in wage increases. The pace of price increases

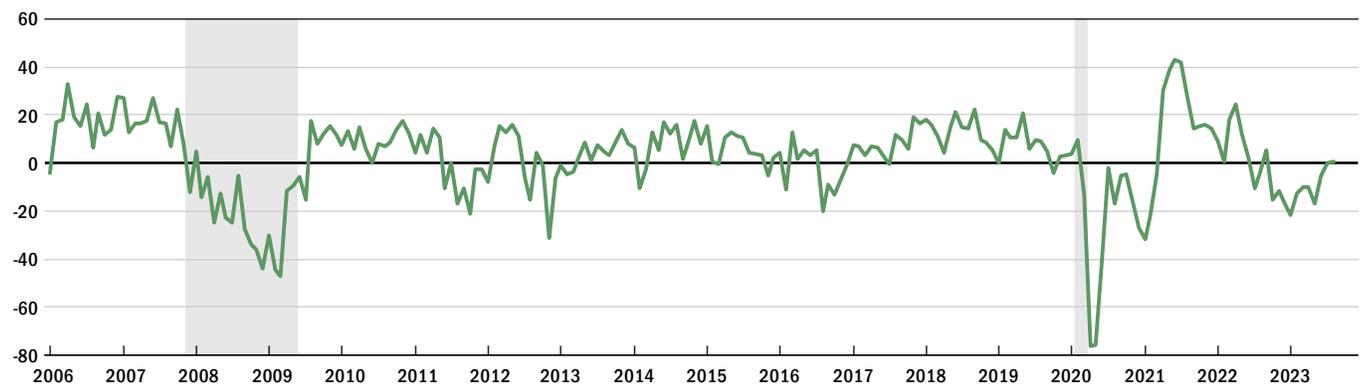
steepened somewhat: the prices paid index rose six points to 56.3, and the prices received index rose three points to 24.6. The capital spending index came in at around zero again this month, suggesting that capital expenditures remained steady.

Business Climate Expected to Be Better in Six Months

The index for future business activity was little changed at 20.7, and the index for the future business climate moved up twelve points to 4.2, its first positive reading in more than a year, suggesting that firms have become more optimistic about the six-month outlook. Employment is expected to grow modestly in the months ahead, and capital spending plans picked up. ■

Business Activity

Diffusion Index

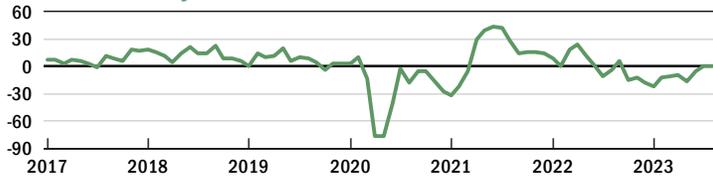


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

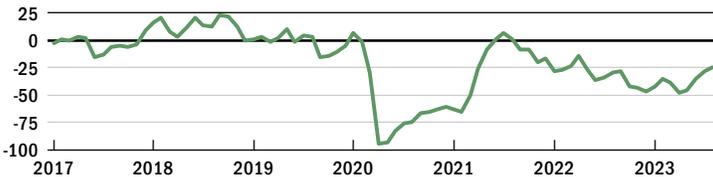
Change from Preceding Month

Business Activity



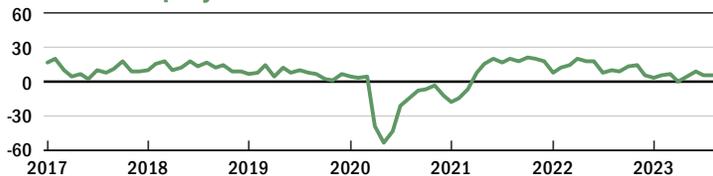
	Percent Reporting		Index
	Higher	Lower	
Jul	28.9	28.9	0.0
Aug	29.2	28.6	0.6
Change			0.6

Business Climate



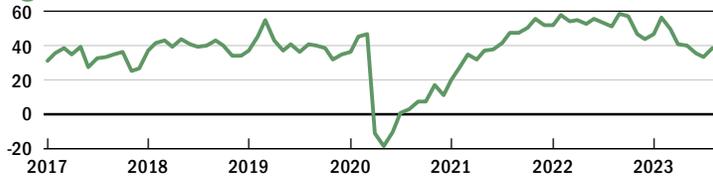
	Percent Reporting		Index
	Favorable	Unfavorable	
Jul	14.4	42.5	-28.1
Aug	17.8	42.0	-24.3
Change			3.8

Number of Employees



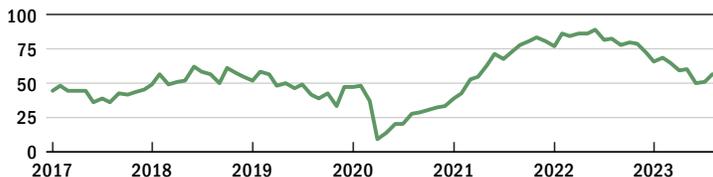
	Percent Reporting		Index
	Higher	Lower	
Jul	22.9	16.9	6.0
Aug	24.4	19.0	5.4
Change			-0.6

Wages



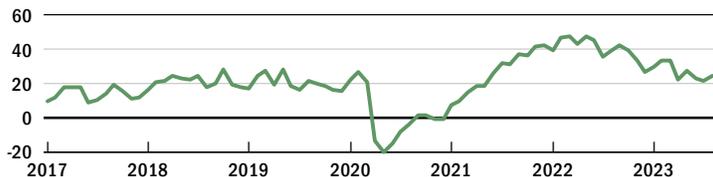
	Percent Reporting		Index
	Higher	Lower	
Jul	35.5	2.4	33.1
Aug	41.9	3.0	38.9
Change			5.8

Prices Paid



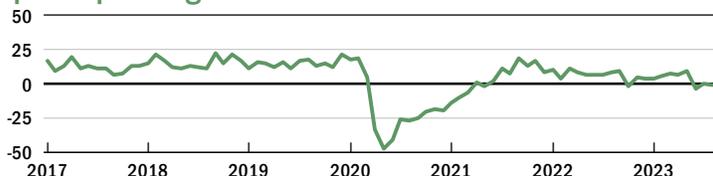
	Percent Reporting		Index
	Higher	Lower	
Jul	57.2	6.6	50.6
Aug	59.3	3.0	56.3
Change			5.7

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jul	29.1	7.3	21.8
Aug	29.9	5.4	24.6
Change			2.8

Capital Spending

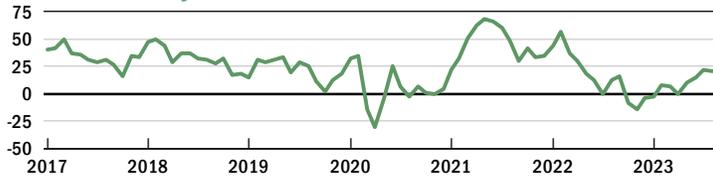


	Percent Reporting		Index
	Higher	Lower	
Jul	21.3	21.3	0.0
Aug	18.2	18.8	-0.6
Change			-0.6

Forward-Looking Indicators

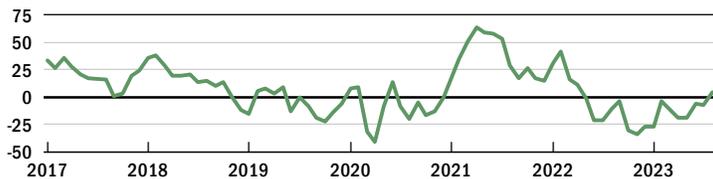
Expectations Six Months Ahead

Business Activity



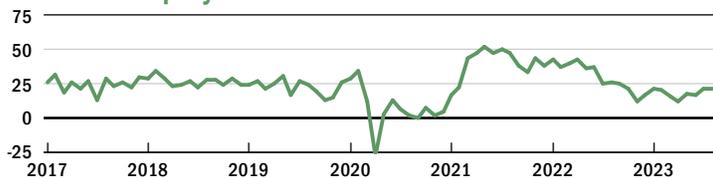
	Percent Reporting		Index
	Higher	Lower	
Jul	41.6	19.3	22.3
Aug	40.2	19.5	20.7
Change			-1.6

Business Climate



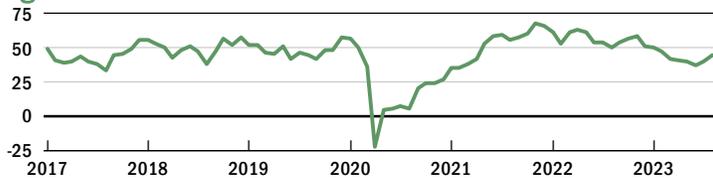
	Percent Reporting		Index
	Better	Worse	
Jul	19.2	26.9	-7.8
Aug	28.6	24.4	4.2
Change			12.0

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jul	29.2	8.1	21.1
Aug	38.0	16.9	21.1
Change			0.0

Wages



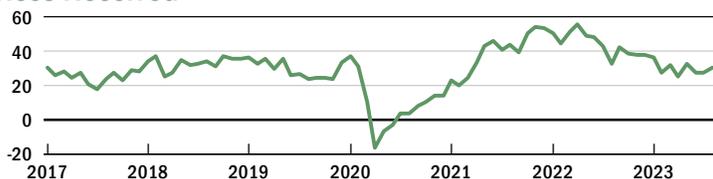
	Percent Reporting		Index
	Higher	Lower	
Jul	43.2	3.7	39.5
Aug	46.1	1.8	44.2
Change			4.7

Prices Paid



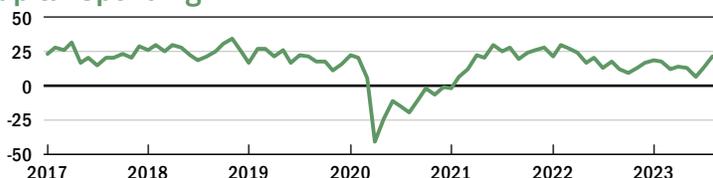
	Percent Reporting		Index
	Higher	Lower	
Jul	53.8	5.0	48.8
Aug	53.3	4.8	48.5
Change			-0.3

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jul	35.6	8.1	27.5
Aug	35.2	4.8	30.3
Change			2.8

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jul	34.2	21.1	13.0
Aug	33.7	12.0	21.7
Change			8.7