

# Business Leaders Survey

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

Note: Survey responses were collected between January 2 and January 10.

Business activity continued to contract slightly in the region’s service sector in January, according to firms responding to the Federal Reserve Bank of New York’s *Business Leaders Survey*. The survey’s headline business activity index was little changed at -5.6. The business climate index remained firmly negative at -21.8, suggesting the business climate remains worse than normal. Employment held steady, and wage increases picked up slightly. Supply availability improved somewhat. Input prices increased at about the same pace as last month, while selling price increases edged higher but still remained subdued. Looking ahead, firms remained optimistic that conditions would improve in the next six months.

### Another Small Decline in Activity

Business activity fell slightly in the New York-Northern New Jersey region, according to the January survey. The headline business activity index held

### ECONOMIST COMMENTARY

“Business activity continued to fall slightly in the New York-Northern New Jersey region’s service sector in January. Like last month, employment held steady and optimism about future conditions improved.”

~Richard Deitz, Economic Research Advisor at the New York Fed

steady at -5.6. Twenty-two percent of respondents reported that conditions improved over the month and 28 percent said that conditions worsened. The business climate index remained negative at -21.8, pointing to an ongoing worsening business climate.

### Employment Holds Steady

The employment index came in at -1.5, suggesting employment levels were little changed. The wages index rose four points to 33.8, indicating that wage increases picked up slightly. The prices paid index was similar to last month at 48.5, a sign that input price increases

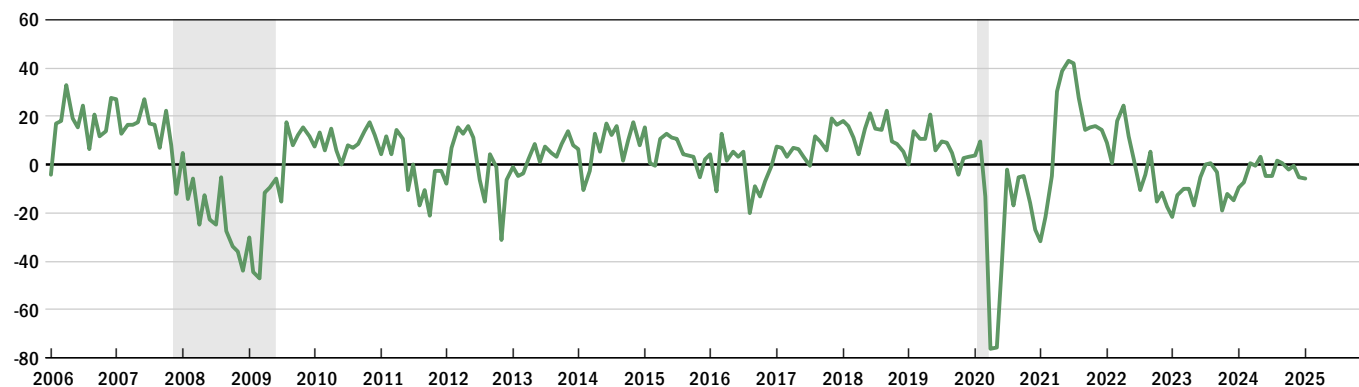
were little changed. After falling to a multiyear low last month, the prices received index rose eight points to 19.4. Supply availability improved slightly.

### Optimism Continues to Grow

The index for future business activity climbed for a sixth consecutive month, edging up two points to 30.3, and the index for the future business climate remained positive at 13.2, with the two readings suggesting that firms expect activity to improve and the business climate to be better than normal in six months. A solid increase in employment is expected in the months ahead. ■

## Business Activity

Diffusion Index

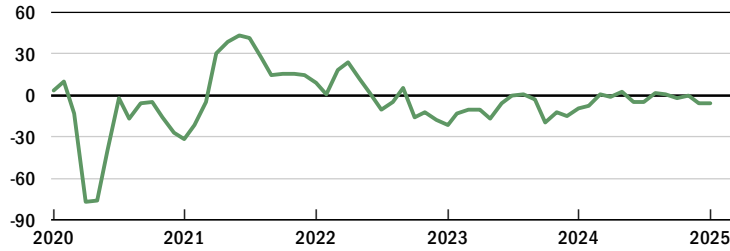


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

# Current Indicators

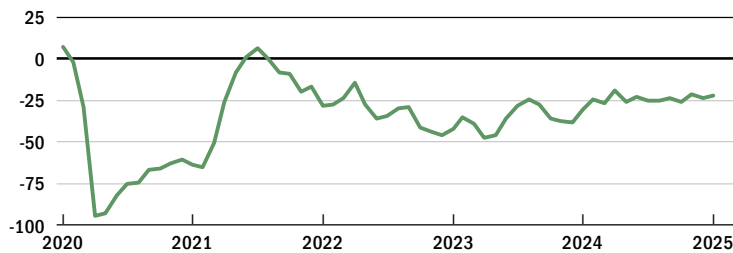
Change from Preceding Month

## Business Activity



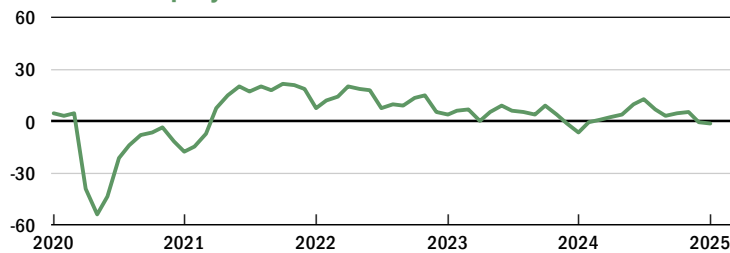
	Percent Reporting		Index
	Higher	Lower	
Dec	22.7	27.8	-5.2
Jan	22.2	27.8	-5.6
Change			-0.4

## Business Climate



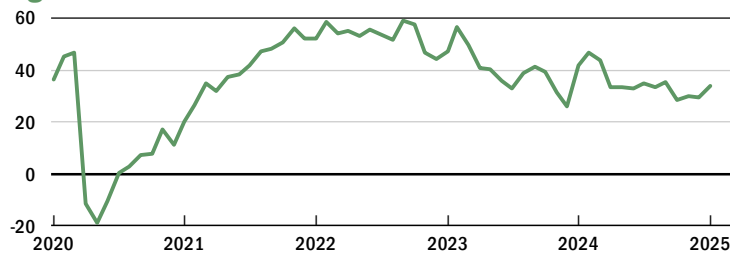
	Percent Reporting		Index
	Favorable	Unfavorable	
Dec	13.9	37.6	-23.7
Jan	12.7	34.5	-21.8
Change			1.9

## Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Dec	19.1	20.1	-1.0
Jan	19.9	21.4	-1.5
Change			-0.5

## Wages

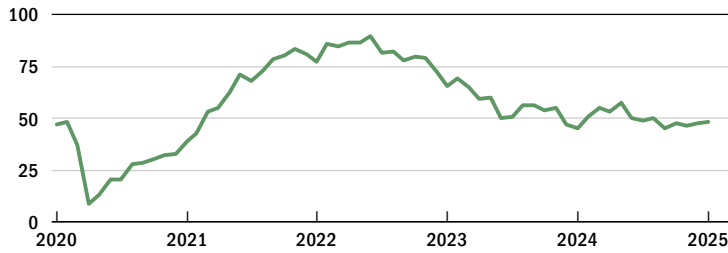


	Percent Reporting		Index
	Higher	Lower	
Dec	32.0	2.6	29.4
Jan	37.9	4.1	33.8
Change			4.4

# Current Indicators, *continued*

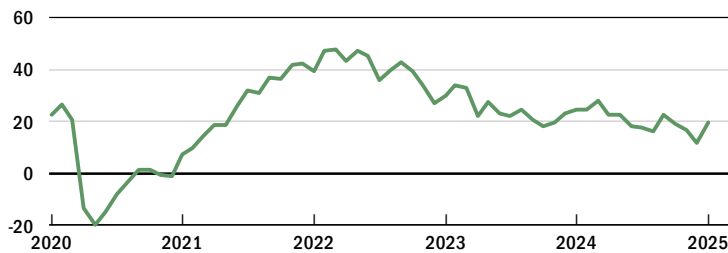
Change from Preceding Month

## Prices Paid



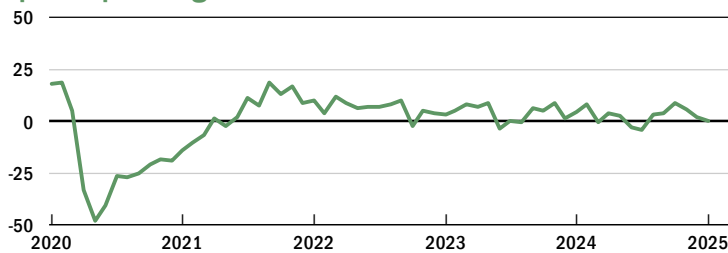
	Percent Reporting		Index
	Higher	Lower	
Dec	50.8	3.1	47.7
Jan	51.5	3.1	48.5
Change			0.8

## Prices Received



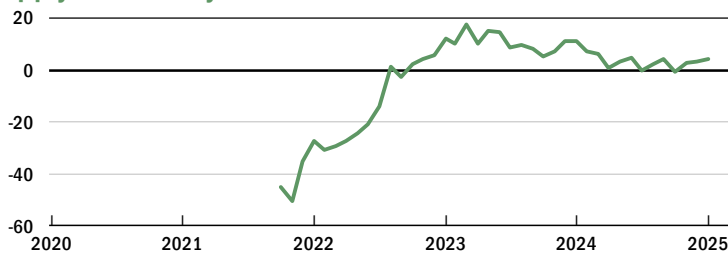
	Percent Reporting		Index
	Higher	Lower	
Dec	20.2	8.5	11.7
Jan	25.1	5.8	19.4
Change			7.7

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Dec	18.5	16.4	2.1
Jan	21.8	21.8	0.0
Change			-2.1

## Supply Availability



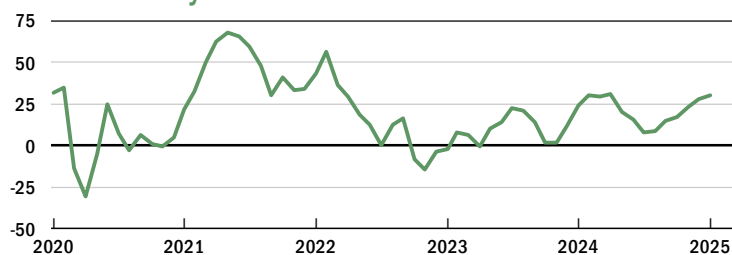
	Percent Reporting		Index
	Higher	Lower	
Dec	13.2	10.0	3.2
Jan	12.8	8.7	4.1
Change			0.9

Note: The current supply availability index was added to the report in June 2024 and included a history of data points going back to 2021.

# Forward-Looking Indicators

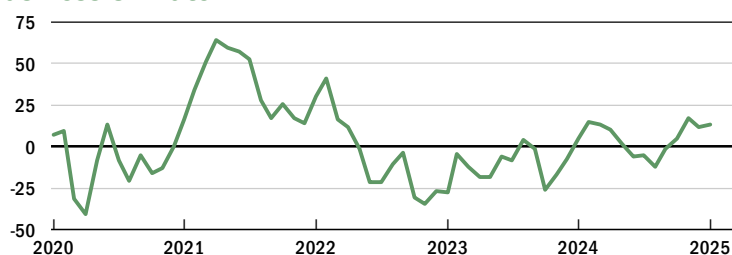
Expectations Six Months Ahead

## Business Activity



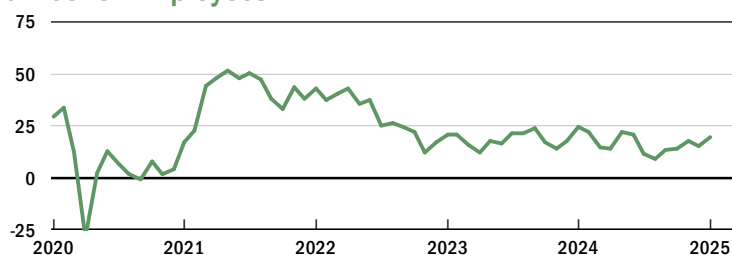
	Percent Reporting		Index
	Higher	Lower	
Dec	44.6	16.6	28.0
Jan	48.2	17.9	30.3
Change			2.3

## Business Climate



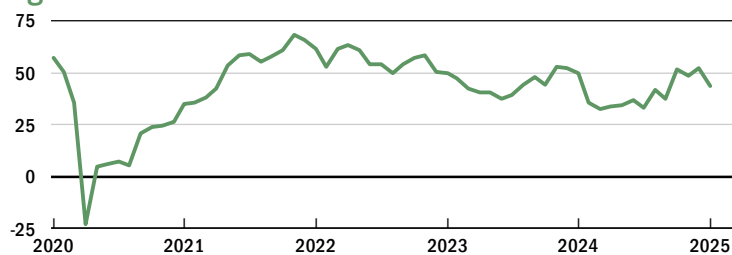
	Percent Reporting		Index
	Better	Worse	
Dec	37.1	25.3	11.9
Jan	36.0	22.8	13.2
Change			1.3

## Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Dec	29.0	14.0	15.1
Jan	33.9	14.3	19.6
Change			4.5

## Wages

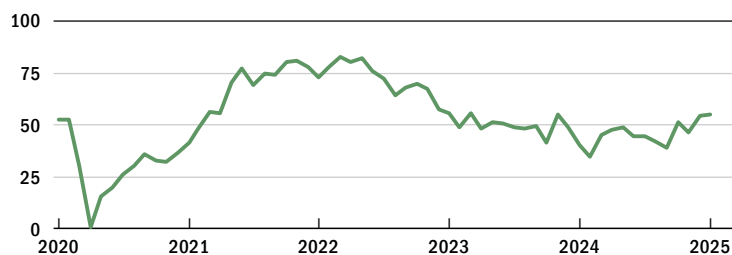


	Percent Reporting		Index
	Higher	Lower	
Dec	57.8	5.4	52.4
Jan	50.0	6.4	43.6
Change			-8.8

# Forward-Looking Indicators, *continued*

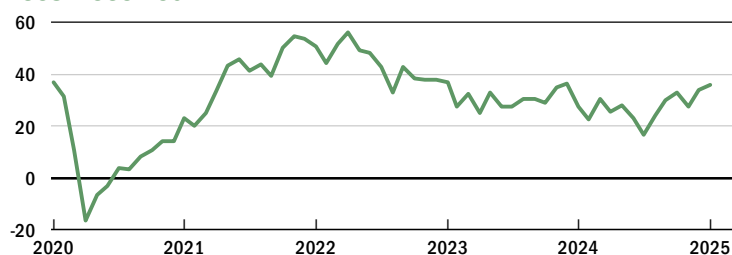
Expectations Six Months Ahead

## Prices Paid



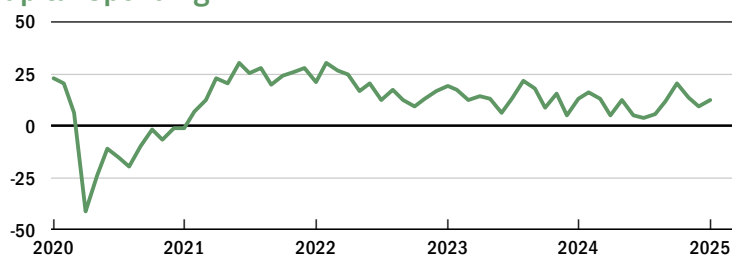
	Percent Reporting		Index
	Higher	Lower	
Dec	57.8	3.8	54.1
Jan	60.2	5.4	54.8
Change			0.7

## Prices Received



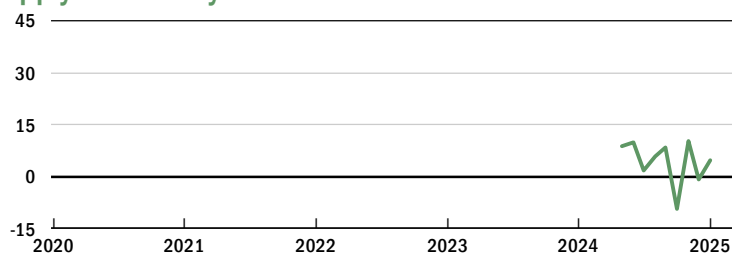
	Percent Reporting		Index
	Higher	Lower	
Dec	41.2	7.1	34.1
Jan	41.2	5.5	35.7
Change			1.6

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Dec	26.6	17.4	9.2
Jan	29.0	16.7	12.4
Change			3.2

## Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Dec	15.6	16.7	-1.0
Jan	17.4	12.8	4.6
Change			5.6

Note: The expected supply availability index was added to the report in June 2024 and included one additional data point from May 2024.