

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.

Business activity in the region's service sector continued to decline in June, according to firms responding to the Federal Reserve Bank of New York's *Business Leaders Survey*. The survey's headline business activity index edged up three points but held below zero at -13.2. The business climate index remained firmly negative at -48.3, suggesting the business climate continued to be considerably worse than normal. Employment edged slightly lower, and wage growth dropped to its slowest pace in more than four years. Supply availability worsened significantly. Input price increases picked up, while selling price increases were little changed. Firms remained pessimistic about the outlook, though less so than in the prior couple of months.

Activity Continues to Decline

Business activity fell for a fourth consecutive month in the New York-Northern New Jersey region, according to the June survey. The headline business activity index remained negative at -13.2. Twenty-two percent of respondents reported that conditions improved over

ECONOMIST COMMENTARY

"Business activity continued to decline in the New York-Northern New Jersey region's service sector in June. Input price increases picked up, but wage growth dropped to its slowest pace in more than four years. Firms remained pessimistic about the outlook, but less so than in the last couple of months."

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

the month while 35 percent said that conditions worsened. The business climate index remained well below zero at -48.3, with fifty-six percent of respondents saying that the business climate was worse than normal.

Employment Edges Lower

The employment index moved down two points to -2.5, pointing to a small decline in employment levels. The wages index sank nine points to 19.4, its lowest level in more than four years, indicating that wage growth slowed. The prices paid index jumped eight points to 66.5, its highest level in more than two years, a sign that input price increases picked up. The prices received index was little

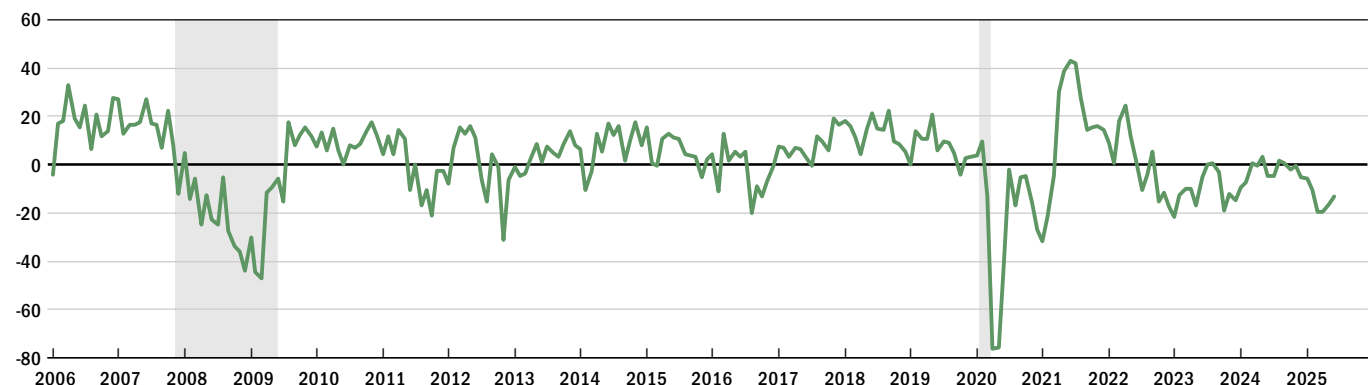
changed at 21.0. The supply availability index was similar to last month at -17.2, suggesting that supply availability continued to worsen.

Outlook Remains Pessimistic

Firms remained pessimistic about the outlook, but less so than in April and May. The index for future business activity climbed nineteen points, but remained negative at -9.3, suggesting firms expect activity to decline in the months ahead. The index for the future business climate remained negative at -28.3, indicating the business climate is expected to continue to be worse than normal. Supply availability is expected to worsen, and capital spending plans remained negative. ■

Business Activity

Diffusion Index

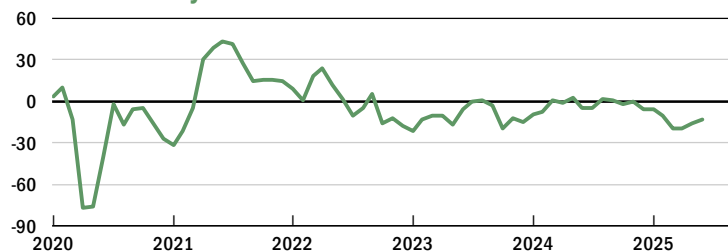


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

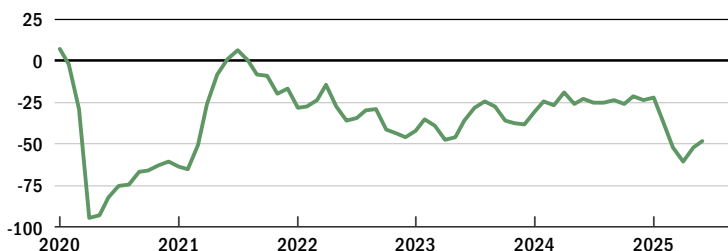
Change from Preceding Month

Business Activity



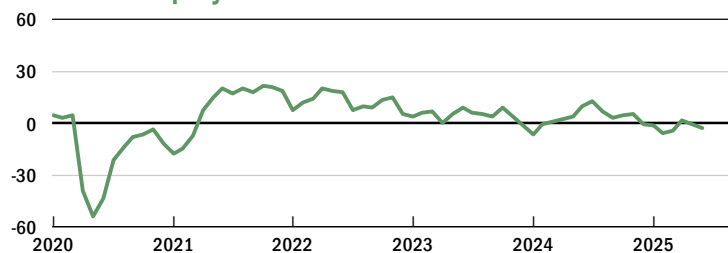
	Percent Reporting		Index
	Higher	Lower	
May	22.1	38.2	-16.2
Jun	22.1	35.3	-13.2
Change			3.0

Business Climate



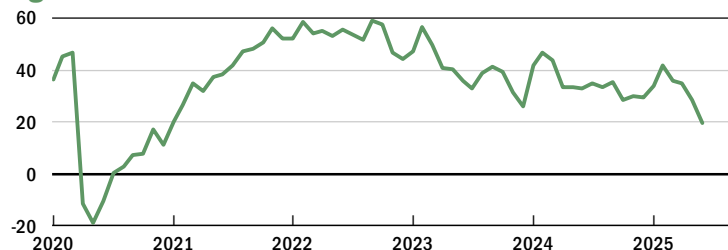
	Percent Reporting		Index
	Favorable	Unfavorable	
May	8.8	60.5	-51.7
Jun	7.3	55.6	-48.3
Change			3.4

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
May	16.1	16.6	-0.5
Jun	18.4	20.9	-2.5
Change			-2.0

Wages

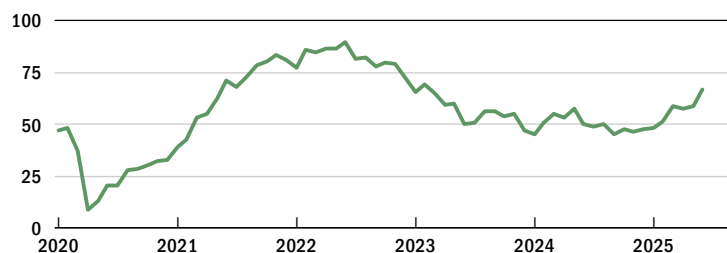


	Percent Reporting		Index
	Higher	Lower	
May	31.7	3.4	28.3
Jun	25.4	6.0	19.4
Change			-8.9

Current Indicators, *continued*

Change from Preceding Month

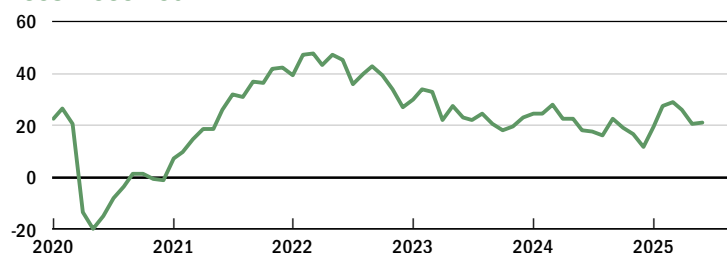
Prices Paid



Percent Reporting

	Higher	Lower	Index
May	61.5	2.9	58.5
Jun	68.5	2.0	66.5
Change			8.0

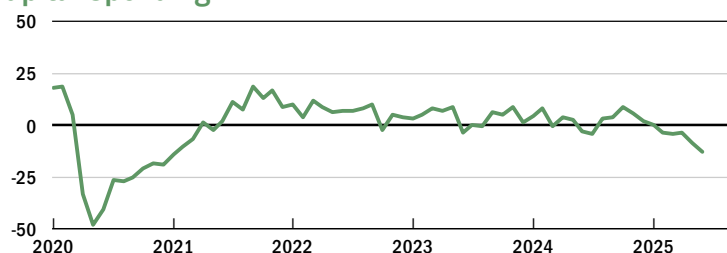
Prices Received



Percent Reporting

	Higher	Lower	Index
May	28.1	7.4	20.7
Jun	31.0	10.0	21.0
Change			0.3

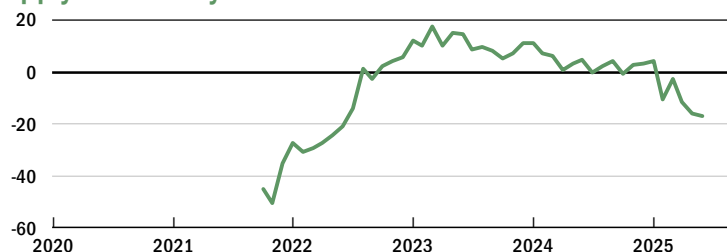
Capital Spending



Percent Reporting

	Higher	Lower	Index
May	17.6	26.0	-8.3
Jun	13.1	25.6	-12.6
Change			-4.3

Supply Availability



Percent Reporting

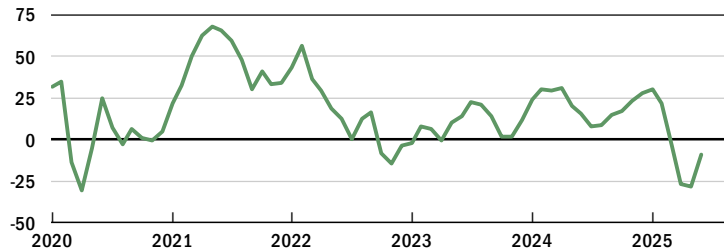
	Higher	Lower	Index
May	7.5	23.5	-16.0
Jun	5.4	22.5	-17.2
Change			-1.2

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

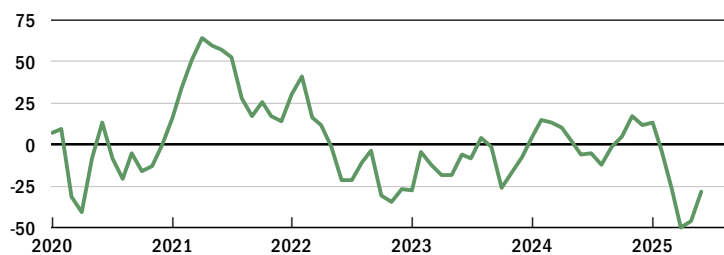
Expectations Six Months Ahead

Business Activity



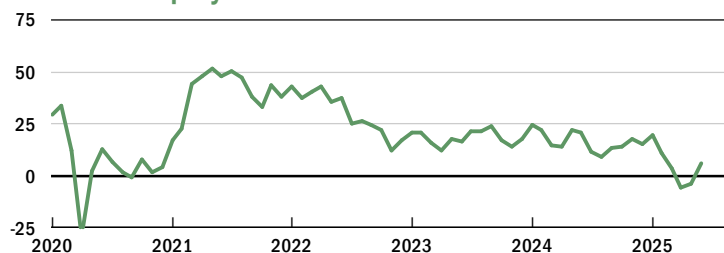
	Percent Reporting		Index
	Higher	Lower	
May	20.7	48.8	-28.1
Jun	27.5	36.8	-9.3
Change			18.8

Business Climate



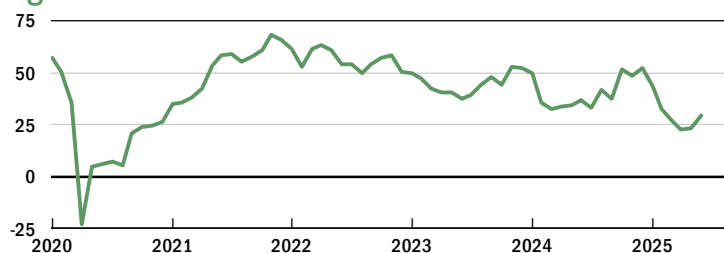
	Percent Reporting		Index
	Better	Worse	
May	14.6	60.5	-45.9
Jun	17.6	45.9	-28.3
Change			17.6

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
May	20.9	25.0	-4.1
Jun	21.5	15.4	6.2
Change			10.3

Wages

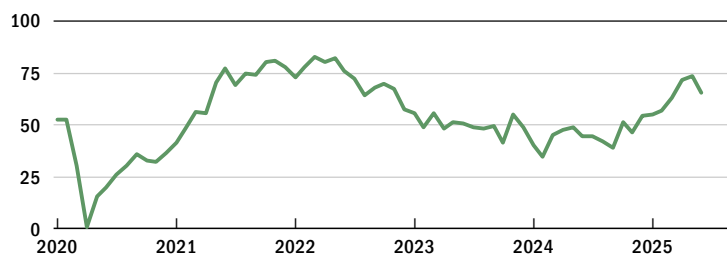


	Percent Reporting		Index
	Higher	Lower	
May	29.1	5.6	23.5
Jun	32.8	3.1	29.7
Change			6.2

Forward-Looking Indicators, *continued*

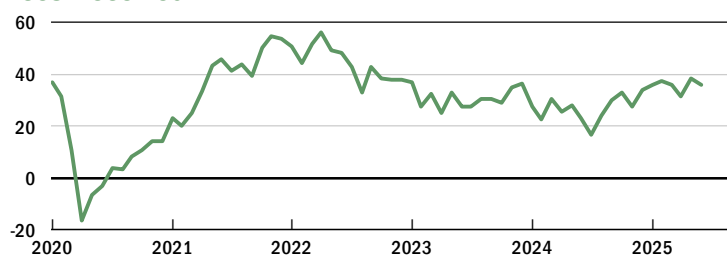
Expectations Six Months Ahead

Prices Paid



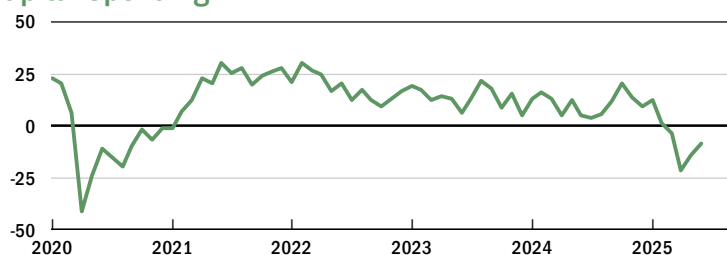
	Percent Reporting		Index
	Higher	Lower	
May	76.9	3.6	73.3
Jun	68.2	2.6	65.6
Change			-7.7

Prices Received



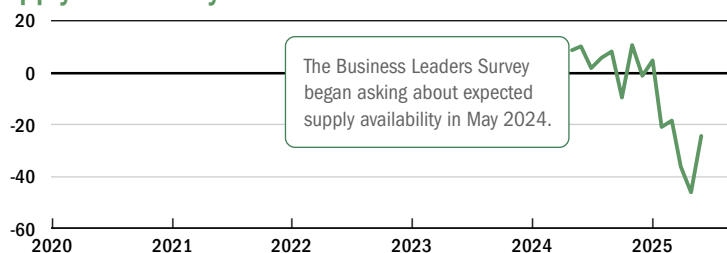
	Percent Reporting		Index
	Higher	Lower	
May	47.9	9.8	38.1
Jun	43.6	7.7	35.9
Change			-2.2

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
May	19.2	33.2	-14.0
Jun	20.4	29.1	-8.7
Change			5.3

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
May	4.9	51.0	-46.1
Jun	6.4	30.9	-24.5
Change			21.6

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