

Business Leaders Survey

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

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

Business activity continued to decline in the region's service sector in July, though at a slower pace than in recent months, 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 four points but held below zero at -9.3. The business climate index rose fourteen points but remained negative at -34.6, suggesting the business climate remained worse than normal. Employment edged slightly higher, and wage growth picked up. Supply availability worsened, but less so than last month. The pace of input price increases remained moderate, while selling price increases picked up to the fastest pace in more than two years. Firms were neutral about the outlook after being pessimistic over the past few months.

Activity Continues to Decline

Business activity fell for a fifth consecutive month in the New York-Northern New Jersey region, according to the July survey. The headline business activity index rose

ECONOMIST COMMENTARY

“Business activity continued to decline in the New York-Northern New Jersey region's service sector in July, though at a slower pace than in recent months. Employment edged higher and wage growth also picked up. Firms became more neutral about the outlook after being pessimistic during the past few months.”

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

four points but remained below zero at -9.3. Twenty-one percent of respondents reported that conditions improved over the month while 30 percent said that conditions worsened. The business climate index remained negative at -34.6, with 46 percent of respondents saying that the business climate was worse than normal.

Selling Price Increases Pick Up

The employment index moved up six points to 3.8, pointing to a small increase in employment levels. After dropping to a multi-year low last month, the wages index increased nine points to 28.3, indicating that wage growth picked up. The prices paid index remained elevated at 64.5. The

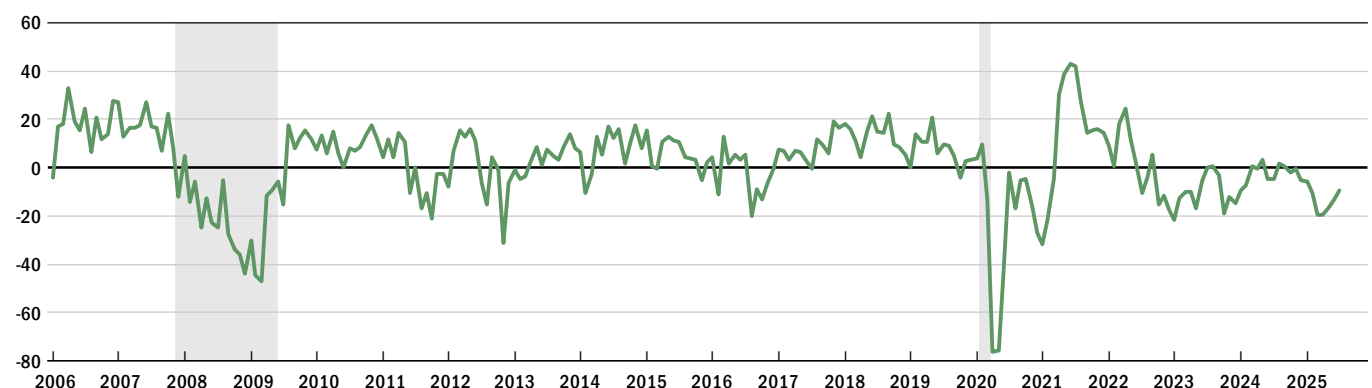
prices received index increased nine points to 30.1, its highest reading since March of 2023, pointing to a pickup in selling price increases. The supply availability index rose ten points but remained negative at -7.1, indicating that supply availability worsened, but not as much as in June.

Outlook Neither Optimistic nor Pessimistic

Firms became more neutral about the outlook in July after turning pessimistic over the prior few months. The index for future business activity came in at 3.7. Employment is expected to edge up in the months ahead. Supply availability is expected to worsen, and capital spending plans were soft. ■

Business Activity

Diffusion Index

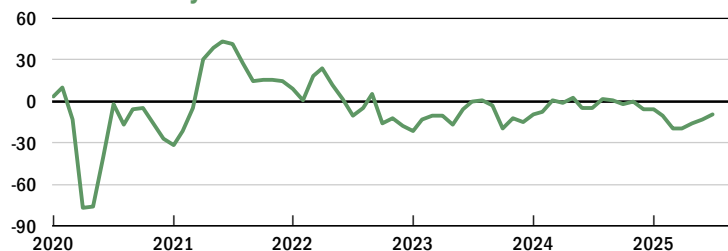


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

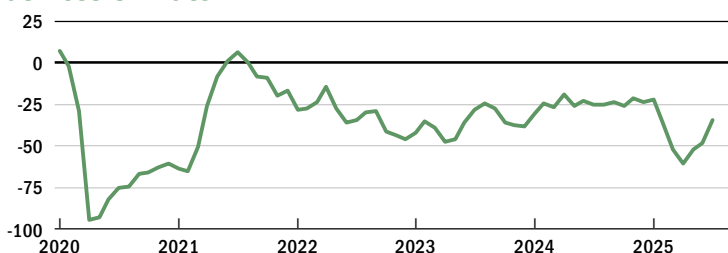
Change from Preceding Month

Business Activity



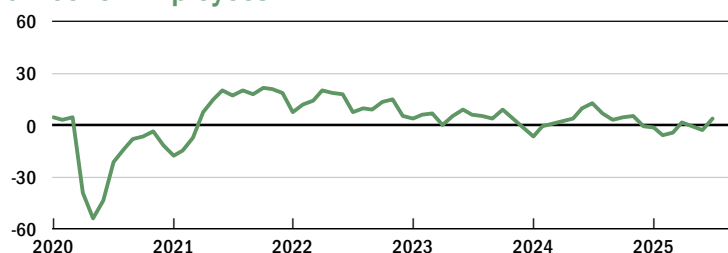
	Percent Reporting		Index
	Higher	Lower	
Jun	22.1	35.3	-13.2
Jul	21.0	30.4	-9.3
Change			3.9

Business Climate



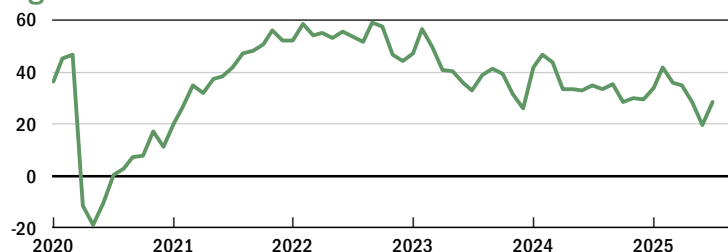
	Percent Reporting		Index
	Favorable	Unfavorable	
Jun	7.3	55.6	-48.3
Jul	11.7	46.3	-34.6
Change			13.7

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jun	18.4	20.9	-2.5
Jul	21.2	17.5	3.8
Change			6.3

Wages

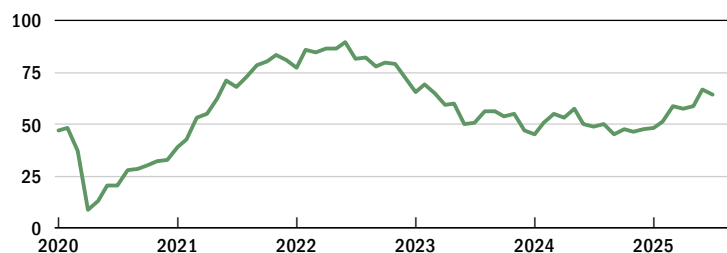


	Percent Reporting		Index
	Higher	Lower	
Jun	25.4	6.0	19.4
Jul	33.0	4.7	28.3
Change			8.9

Current Indicators, *continued*

Change from Preceding Month

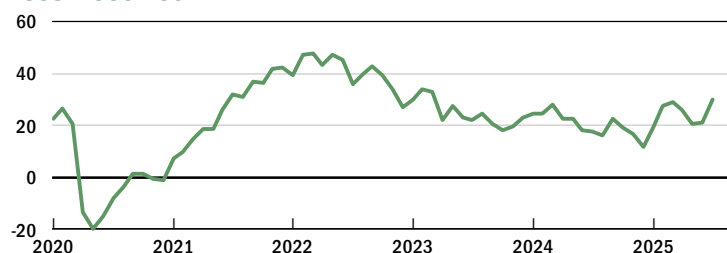
Prices Paid



Percent Reporting

	Higher	Lower	Index
Jun	68.5	2.0	66.5
Jul	67.3	2.8	64.5
Change			-2.0

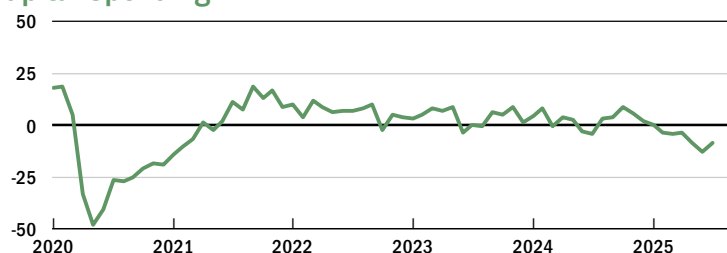
Prices Received



Percent Reporting

	Higher	Lower	Index
Jun	31.0	10.0	21.0
Jul	36.4	6.2	30.1
Change			9.1

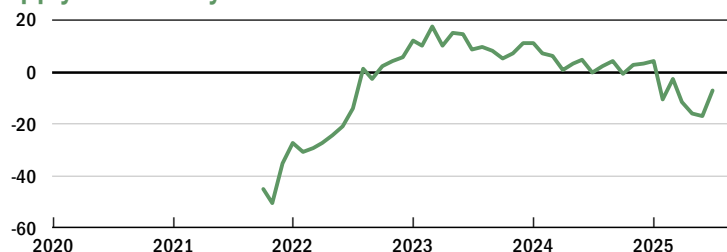
Capital Spending



Percent Reporting

	Higher	Lower	Index
Jun	13.1	25.6	-12.6
Jul	15.2	23.7	-8.5
Change			4.1

Supply Availability



Percent Reporting

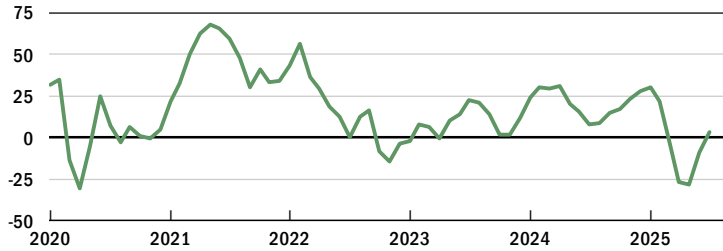
	Higher	Lower	Index
Jun	5.4	22.5	-17.2
Jul	8.1	15.2	-7.1
Change			10.1

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

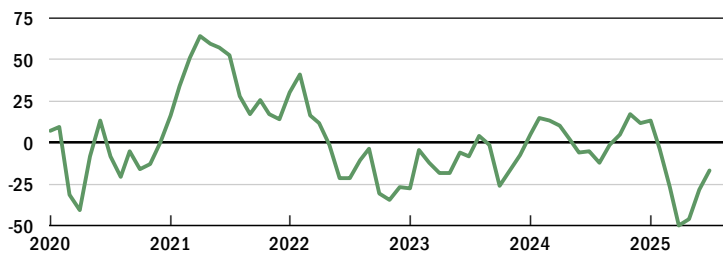
Expectations Six Months Ahead

Business Activity



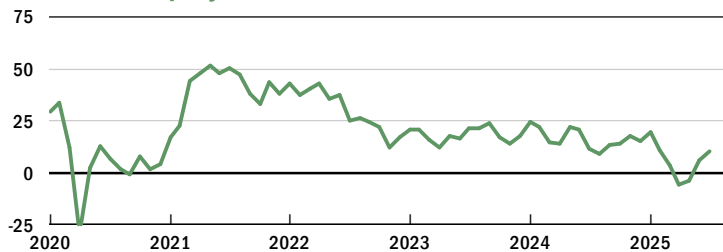
	Percent Reporting		Index
	Higher	Lower	
Jun	27.5	36.8	-9.3
Jul	31.3	27.6	3.7
Change			13.0

Business Climate



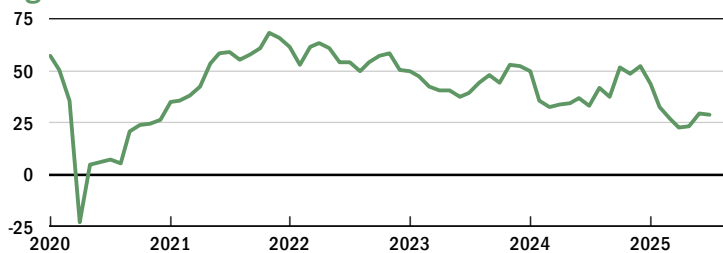
	Percent Reporting		Index
	Better	Worse	
Jun	17.6	45.9	-28.3
Jul	22.1	38.5	-16.4
Change			11.9

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jun	21.5	15.4	6.2
Jul	24.9	14.6	10.2
Change			4.0

Wages

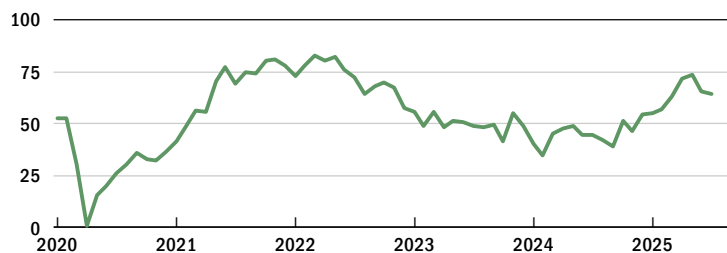


	Percent Reporting		Index
	Higher	Lower	
Jun	32.8	3.1	29.7
Jul	32.5	3.9	28.6
Change			-1.1

Forward-Looking Indicators, *continued*

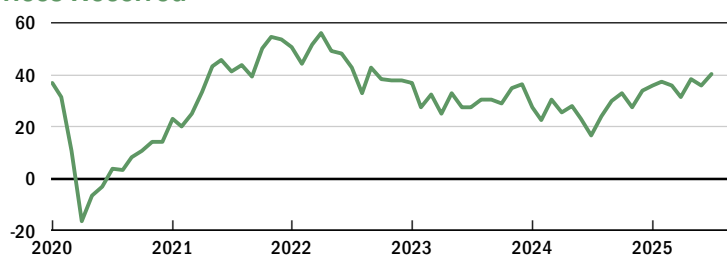
Expectations Six Months Ahead

Prices Paid



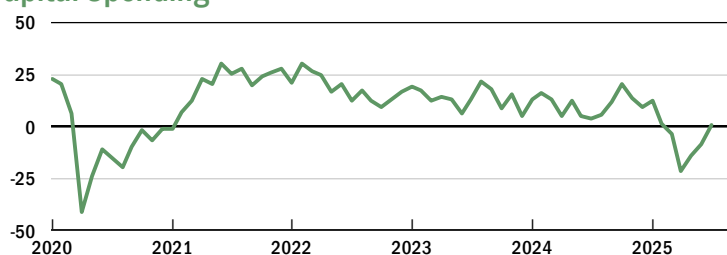
	Percent Reporting		Index
	Higher	Lower	
Jun	68.2	2.6	65.6
Jul	65.9	1.5	64.4
Change			-1.2

Prices Received



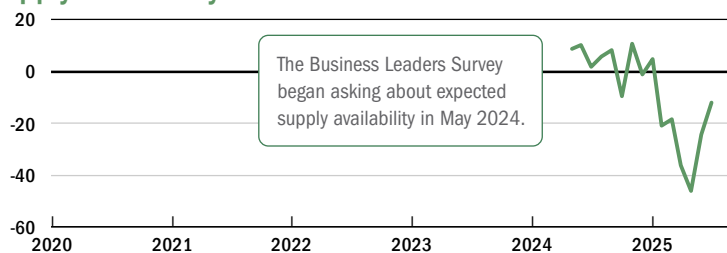
	Percent Reporting		Index
	Higher	Lower	
Jun	43.6	7.7	35.9
Jul	45.3	4.9	40.4
Change			4.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jun	20.4	29.1	-8.7
Jul	23.9	22.9	1.0
Change			9.7

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Jun	6.4	30.9	-24.5
Jul	9.0	21.0	-11.9
Change			12.6

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