

Business Leaders Survey

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

Note: Survey responses were collected between August 4 and August 11.

ECONOMIST COMMENTARY

“Business activity declined for a sixth straight month in the New York-Northern New Jersey region’s service sector in August. Employment was little changed, and price increases were widespread. Firms turned pessimistic about the outlook.”

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

Business activity continued to decline in the region’s service sector in August, 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 -11.7. The business climate index remained negative at -39.3, suggesting the business climate remained worse than normal. Employment held steady, and wage growth was modest. Supply availability continued to worsen. The pace of input price increases remained moderate, and selling price increases remained significant. Firms turned pessimistic about the outlook.

Activity Continues to Decline

Business activity fell for a sixth consecutive month in the New York-Northern New Jersey region, according to the August survey. The headline business activity index edged down two points to -11.7. Twenty-three percent of respondents reported that conditions improved over the month while 35 percent said that

conditions worsened. The business climate index remained negative at -39.3, with just over half of respondents saying that the business climate was worse than normal.

Employment Holds Steady

The employment index moved down three points to 1.0, suggesting employment was little changed. The wages index held steady at 28.0, indicating that wages increased at about the same pace as last month. The prices paid index remained elevated at 64.3, while the prices received index edged up two points to 32.0, its highest reading since March of 2023, pointing to a small pickup in selling price increases. The supply availability

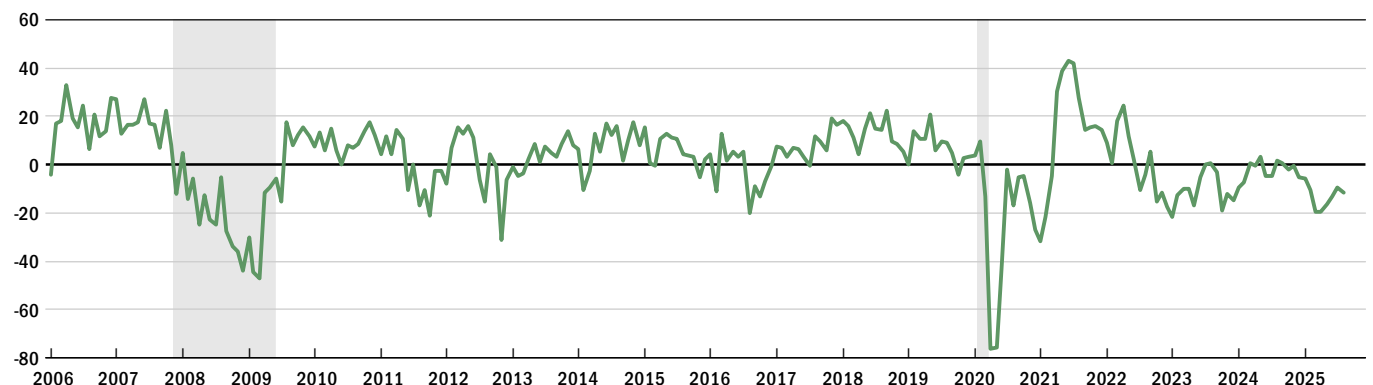
index remained negative at -10.2, indicating that supply availability worsened.

Firms Turn Pessimistic Again

The index for future business activity dropped back into negative territory, falling to -6.8, and the index for the future business climate held well below zero, suggesting firms were pessimistic about the outlook. The index for future prices paid remained elevated, and the index for future prices received climbed to its highest level since 2022, suggesting firms expect widespread price increases in the months ahead. Supply availability is expected to worsen, and capital spending plans were soft. ■

Business Activity

Diffusion Index

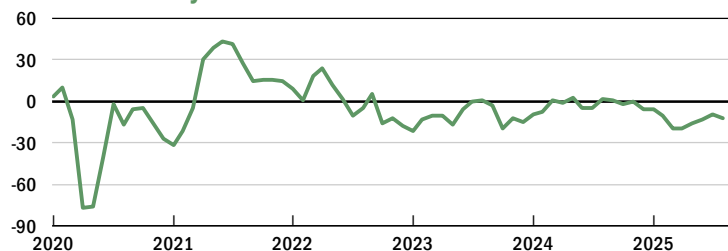


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

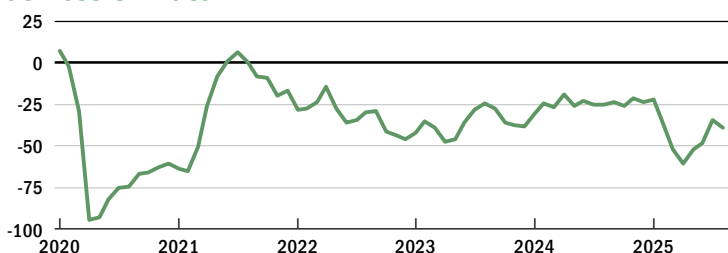
Change from Preceding Month

Business Activity



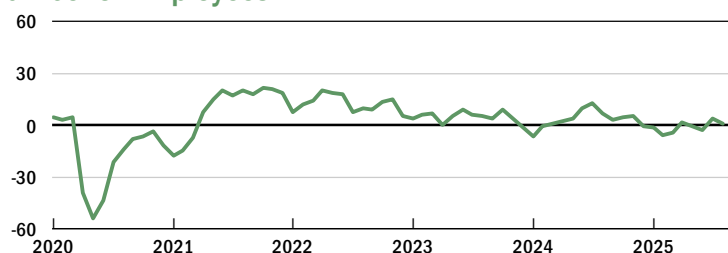
	Percent Reporting		Index
	Higher	Lower	
Jul	21.0	30.4	-9.3
Aug	22.8	34.5	-11.7
Change			-2.4

Business Climate



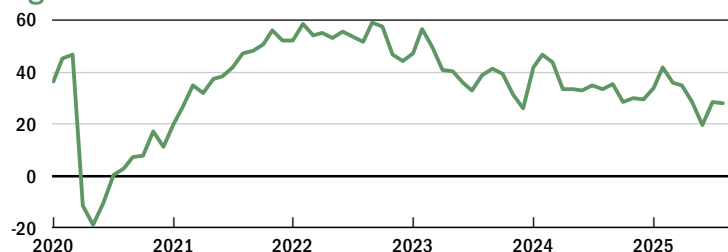
	Percent Reporting		Index
	Favorable	Unfavorable	
Jul	11.7	46.3	-34.6
Aug	11.7	51.0	-39.3
Change			-4.7

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jul	21.2	17.5	3.8
Aug	17.9	16.9	1.0
Change			-2.8

Wages

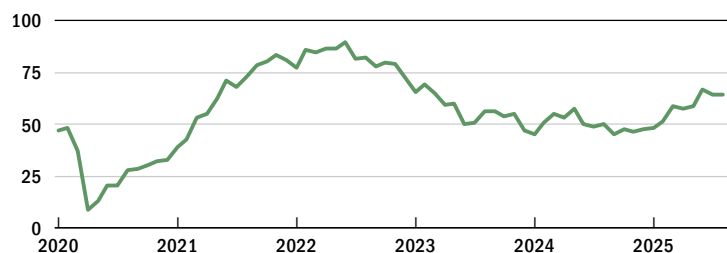


	Percent Reporting		Index
	Higher	Lower	
Jul	33.0	4.7	28.3
Aug	30.9	2.9	28.0
Change			-0.3

Current Indicators, *continued*

Change from Preceding Month

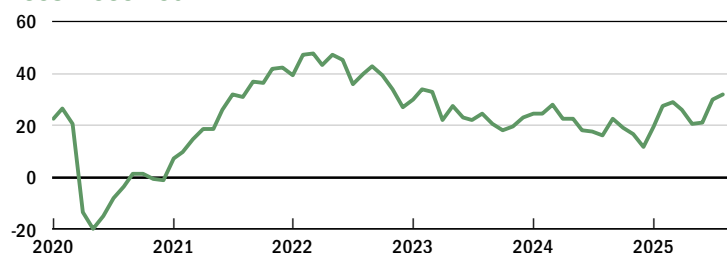
Prices Paid



Percent Reporting

	Higher	Lower	Index
Jul	67.3	2.8	64.5
Aug	65.7	1.4	64.3
Change			-0.2

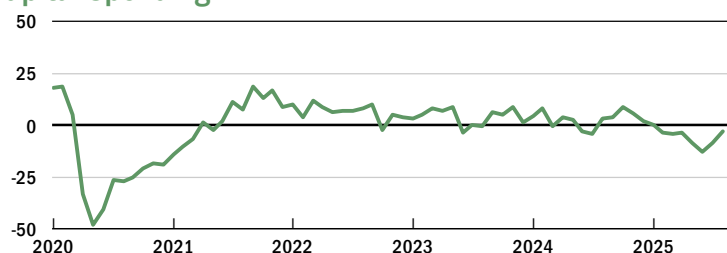
Prices Received



Percent Reporting

	Higher	Lower	Index
Jul	36.4	6.2	30.1
Aug	39.3	7.3	32.0
Change			1.9

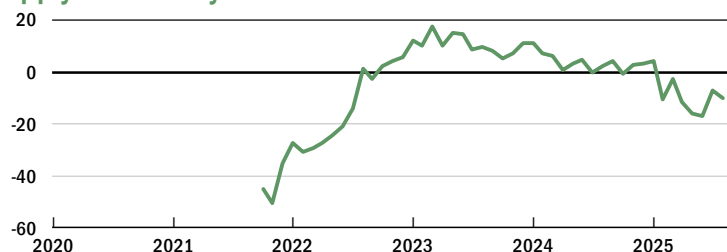
Capital Spending



Percent Reporting

	Higher	Lower	Index
Jul	15.2	23.7	-8.5
Aug	19.3	22.2	-2.9
Change			5.6

Supply Availability



Percent Reporting

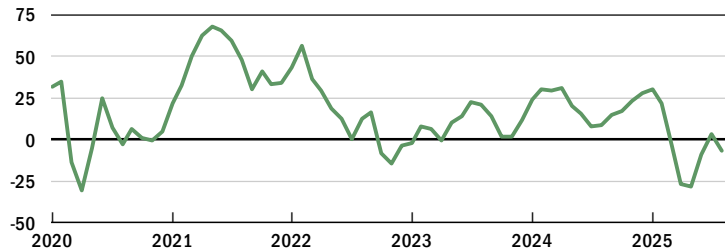
	Higher	Lower	Index
Jul	8.1	15.2	-7.1
Aug	7.8	18.0	-10.2
Change			-3.1

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

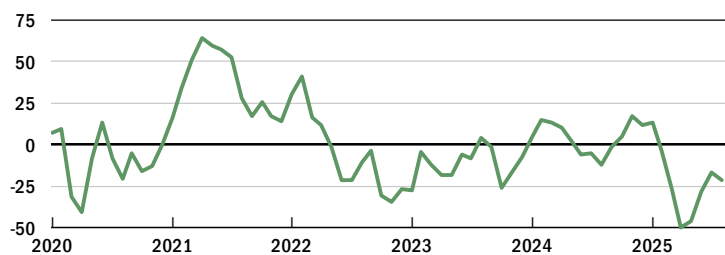
Expectations Six Months Ahead

Business Activity



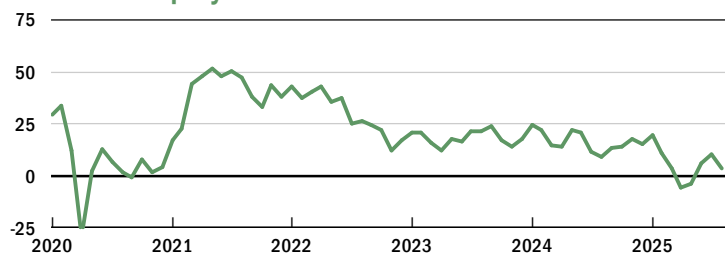
	Percent Reporting		Index
	Higher	Lower	
Jul	31.3	27.6	3.7
Aug	25.7	32.5	-6.8
Change			-10.5

Business Climate



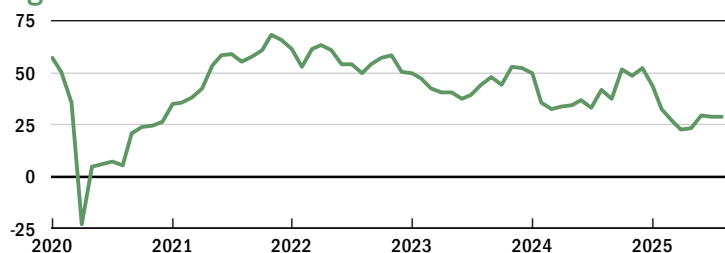
	Percent Reporting		Index
	Better	Worse	
Jul	22.1	38.5	-16.4
Aug	22.3	43.2	-20.9
Change			-4.5

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jul	24.9	14.6	10.2
Aug	22.3	18.8	3.5
Change			-6.7

Wages

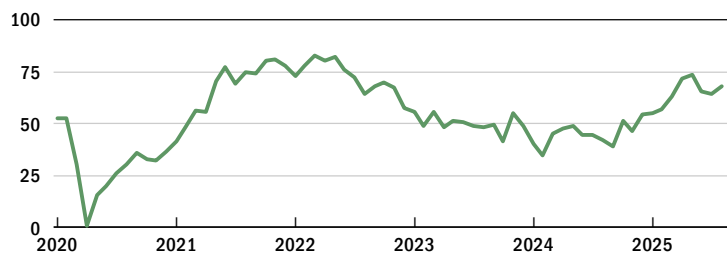


	Percent Reporting		Index
	Higher	Lower	
Jul	32.5	3.9	28.6
Aug	32.2	3.5	28.7
Change			0.1

Forward-Looking Indicators, *continued*

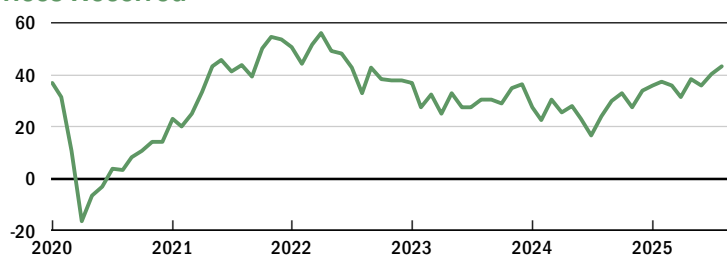
Expectations Six Months Ahead

Prices Paid



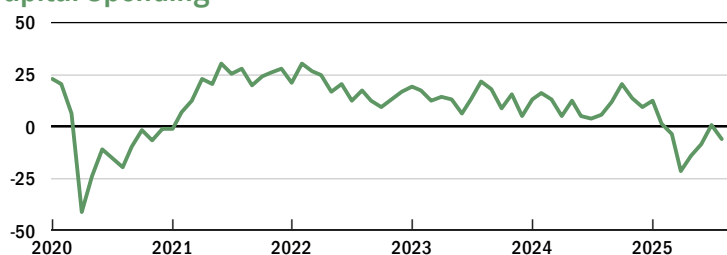
	Percent Reporting		Index
	Higher	Lower	
Jul	65.9	1.5	64.4
Aug	70.8	3.0	67.8
Change			3.4

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jul	45.3	4.9	40.4
Aug	47.2	4.0	43.2
Change			2.8

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jul	23.9	22.9	1.0
Aug	20.3	26.2	-5.9
Change			-6.9

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Jul	9.0	21.0	-11.9
Aug	10.1	25.1	-15.0
Change			-3.1

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