

Business Leaders Survey

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

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

Business activity declined significantly in the region's service sector in September, according to firms responding to the Federal Reserve Bank of New York's *Business Leaders Survey*. The survey's headline business activity index fell eight points to -19.4, its lowest reading in several months. The business climate index remained negative at -40.7, suggesting the business climate remained worse than normal. Employment edged lower, and wage growth remained modest. Supply availability continued to worsen. Input and selling price increases remained elevated but were little changed from last month. Firms remained pessimistic about the outlook.

Activity Continues to Decline

Business activity fell for a seventh consecutive month in the New York-Northern New Jersey region, according to the September survey. The headline business activity index moved down eight points to -19.4, its lowest level since April. Eighteen percent of respondents

ECONOMIST COMMENTARY

"Business activity declined significantly in the New York-Northern New Jersey region's service sector in September. Employment edged lower and wage growth held steady. Firms remained pessimistic about the outlook"

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

reported that conditions improved over the month while 37 percent said that conditions worsened. The business climate index remained negative at -40.7, with over half of respondents saying that the business climate was worse than normal.

Employment Edges Lower

The employment index moved down four points to -2.9, suggesting employment edged lower. The wages index held steady at 28.2, indicating that wages increased at about the same pace as in the last couple of months. The prices paid index remained elevated at 63.2, while the prices received index held steady at 32.2, pointing to widespread price increases. The supply availability index remained negative at -9.6,

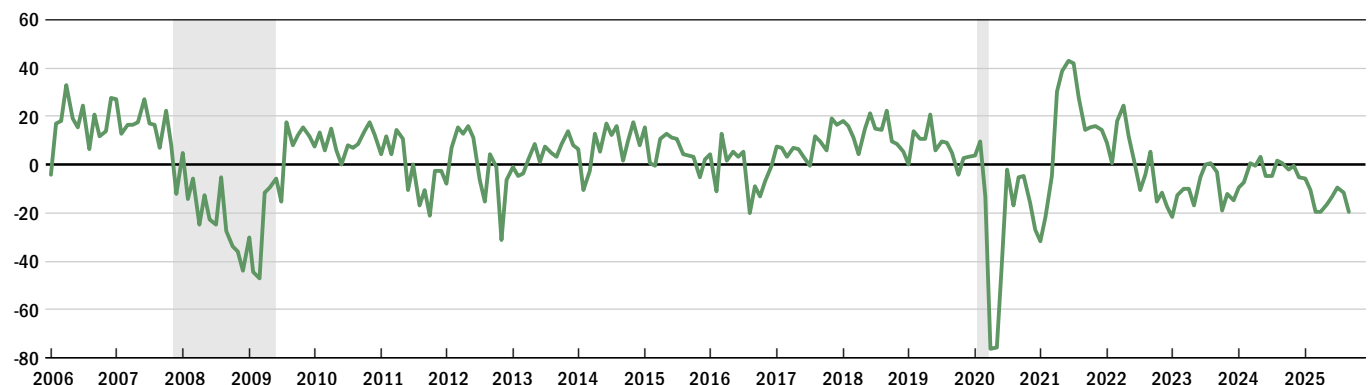
indicating that supply availability continued to worsen.

Pessimistic Outlook Persists

The index for future business activity remained negative at -5.8, and the index for the future business climate held well below zero, suggesting firms continued to be pessimistic about the outlook. The index for future prices paid remained elevated, and the index for future prices received edged up again this month, reaching its highest level in more than three years, 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

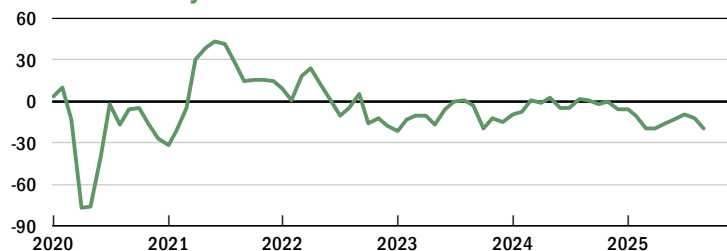


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

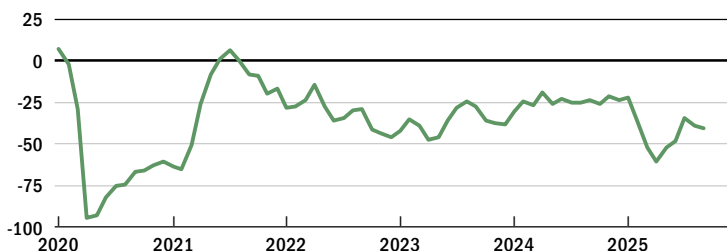
Change from Preceding Month

Business Activity



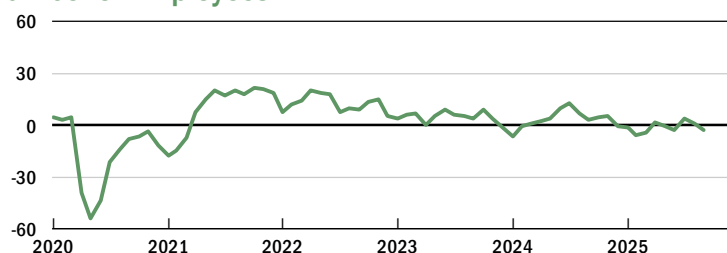
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 22.8 | 34.5 | -11.7 |
| Sep | 18.0 | 37.4 | -19.4 |
| Change | | | -7.7 |

Business Climate



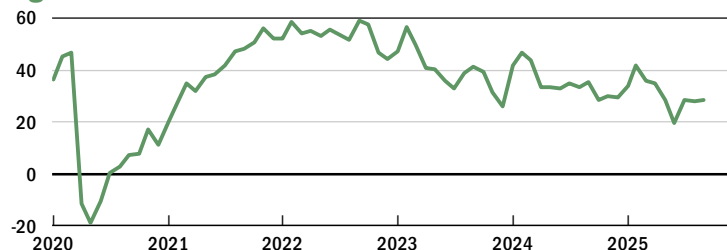
| | Percent Reporting | | Index |
|--------|-------------------|-------------|-------|
| | Favorable | Unfavorable | |
| Aug | 11.7 | 51.0 | -39.3 |
| Sep | 12.0 | 52.6 | -40.7 |
| Change | | | -1.4 |

Number of Employees



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 17.9 | 16.9 | 1.0 |
| Sep | 17.7 | 20.6 | -2.9 |
| Change | | | -3.9 |

Wages

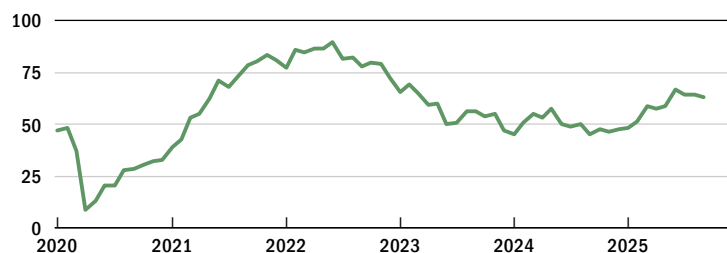


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 30.9 | 2.9 | 28.0 |
| Sep | 32.5 | 4.3 | 28.2 |
| Change | | | 0.2 |

Current Indicators, *continued*

Change from Preceding Month

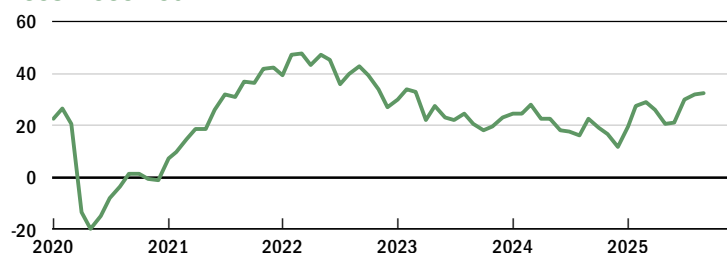
Prices Paid



Percent Reporting

| | Higher | Lower | Index |
|--------|--------|-------|-------|
| Aug | 65.7 | 1.4 | 64.3 |
| Sep | 65.1 | 1.9 | 63.2 |
| Change | | | -1.1 |

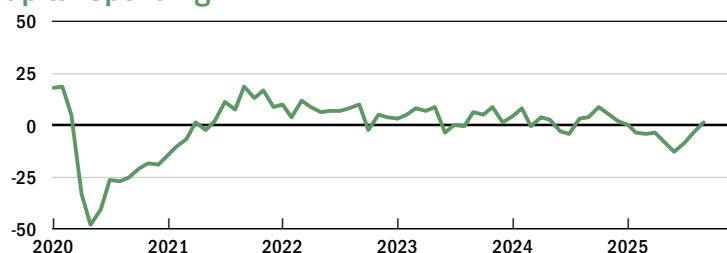
Prices Received



Percent Reporting

| | Higher | Lower | Index |
|--------|--------|-------|-------|
| Aug | 39.3 | 7.3 | 32.0 |
| Sep | 38.5 | 6.3 | 32.2 |
| Change | | | 0.2 |

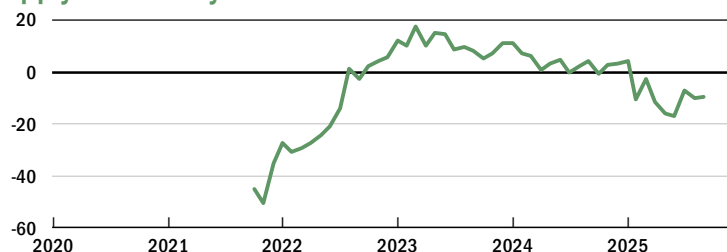
Capital Spending



Percent Reporting

| | Higher | Lower | Index |
|--------|--------|-------|-------|
| Aug | 19.3 | 22.2 | -2.9 |
| Sep | 22.5 | 21.1 | 1.4 |
| Change | | | 4.3 |

Supply Availability



Percent Reporting

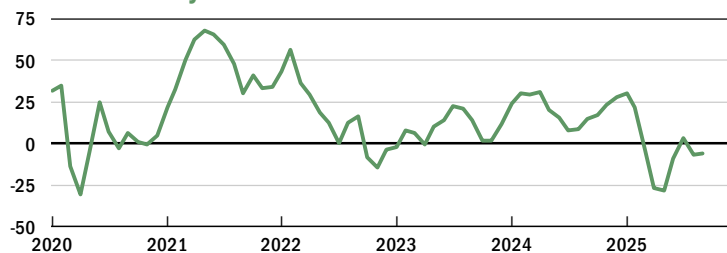
| | Higher | Lower | Index |
|--------|--------|-------|-------|
| Aug | 7.8 | 18.0 | -10.2 |
| Sep | 8.2 | 17.8 | -9.6 |
| Change | | | 0.6 |

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

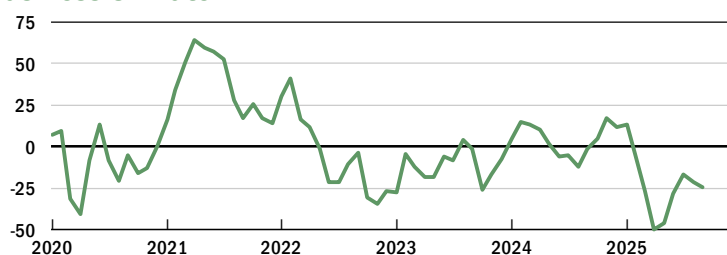
Expectations Six Months Ahead

Business Activity



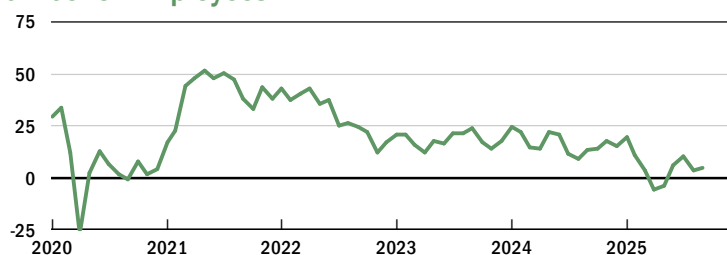
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 25.7 | 32.5 | -6.8 |
| Sep | 28.4 | 34.1 | -5.8 |
| Change | | | 1.0 |

Business Climate



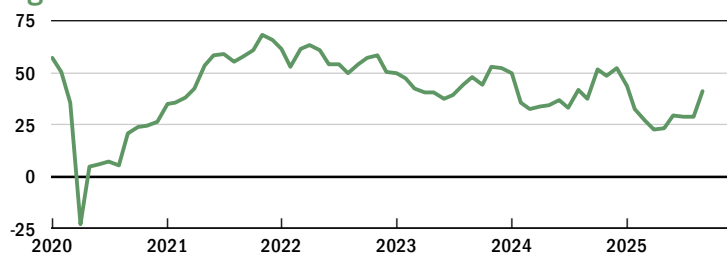
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Better | Worse | |
| Aug | 22.3 | 43.2 | -20.9 |
| Sep | 19.1 | 43.5 | -24.4 |
| Change | | | -3.5 |

Number of Employees



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 22.3 | 18.8 | 3.5 |
| Sep | 25.1 | 20.2 | 4.9 |
| Change | | | 1.4 |

Wages

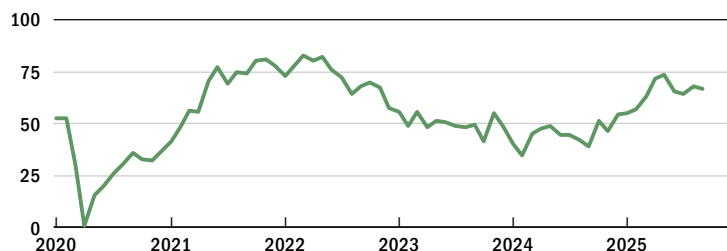


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 32.2 | 3.5 | 28.7 |
| Sep | 43.3 | 2.5 | 40.9 |
| Change | | | 12.2 |

Forward-Looking Indicators, *continued*

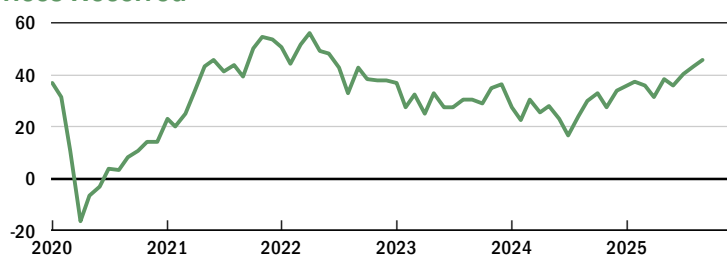
Expectations Six Months Ahead

Prices Paid



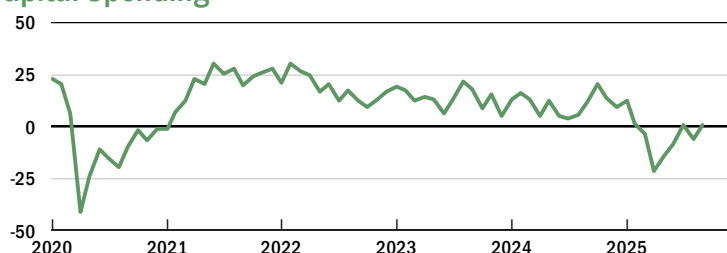
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 70.8 | 3.0 | 67.8 |
| Sep | 68.8 | 2.0 | 66.8 |
| Change | | | -1.0 |

Prices Received



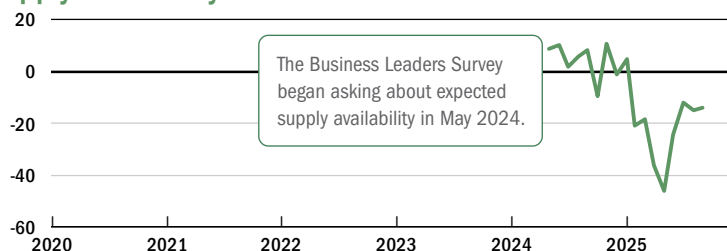
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 47.2 | 4.0 | 43.2 |
| Sep | 51.7 | 6.0 | 45.8 |
| Change | | | 2.6 |

Capital Spending



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 20.3 | 26.2 | -5.9 |
| Sep | 23.2 | 22.7 | 0.5 |
| Change | | | 6.4 |

Supply Availability



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Aug | 10.1 | 25.1 | -15.0 |
| Sep | 11.5 | 25.5 | -13.9 |
| Change | | | 1.1 |

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