

# Business Leaders Survey

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

The Federal Reserve Bank of New York's June 2014 *Business Leaders Survey* indicates that activity in the region's service sector grew at a solid clip over the month. The survey's headline business activity index rose eleven points to 16.8, its highest level in two years. The business climate index was little changed at -9.5, suggesting that on balance, respondents continued to view the business climate as worse than normal. The employment index, at 12.6, pointed to a moderate increase in employment levels, and the wages index was little changed at 33.1. The prices paid index held steady at 54.0, while the prices received index fell six points to 13.5, pointing to a slowing in selling price increases. The current capital spending index rose a sharp eleven points to 20.8, indicating a pickup in capital spending. Indexes for the six-month outlook continued to convey a solid degree of optimism about future business activity, although

the future business climate index was somewhat lower than last month's level.

## Business Activity Expands at a Solid Pace

Business activity expanded at a solid pace in the region's service sector, according to the June 2014 survey. After declining last month, the business activity index climbed eleven points to 16.8, its highest level in two years. This month, 43 percent of respondents reported that conditions improved, while 26 percent reported that conditions worsened. The business climate index was little changed from last month, at -9.5, suggesting that on balance, the business climate continued to be viewed as worse than normal.

## Employment Continues to Grow

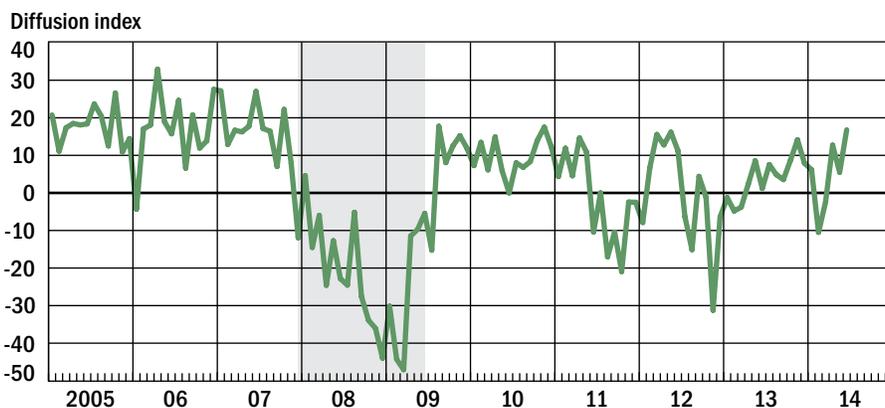
The employment index fell four points, but, at 12.6, it continued to signal a

pickup in hiring activity. The wages index was little changed at 33.1, pointing to a continued moderate increase in wages. The prices paid index was little changed at 54.0, indicating that the pace of input price increases was about the same as it was last month, while the prices received index fell six points to 13.5, signifying a slower pace of selling price increases. The capital spending index climbed for a second consecutive month, rising eleven points to 20.8, suggesting that capital expenditures were significantly higher over the month.

## Six-Month Outlook Remains Optimistic

Indexes for the six-month outlook continued to convey optimism about future business conditions, but to a somewhat lesser extent than last month. The index for expected business activity held steady at 43.0. Although it remained at a level that suggested a positive climate is expected in the months ahead, the index for future business climate fell eleven points to 21.9, pointing to a somewhat lower level of optimism than was seen last month. The index for expected employment was little changed at 28.7, suggesting that employment is expected to continue its upward trend. Both forward-looking price indexes declined, and the index for expected capital spending fell seven points to 17.9. ■

## Business Activity



Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

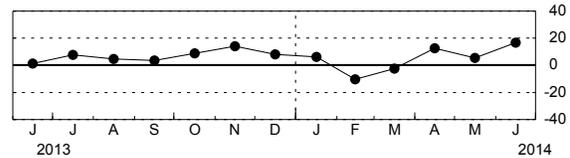
# Current Indicators

Change from Preceding Month

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	35.94	33.59	30.47	5.47
Jun	43.20	30.40	26.40	16.80

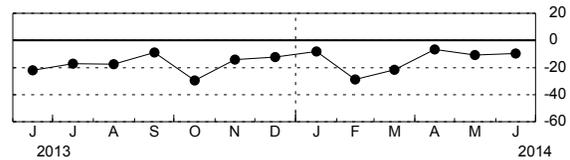
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
May	21.71	45.74	32.56	-10.85
Jun	25.20	40.16	34.65	-9.45

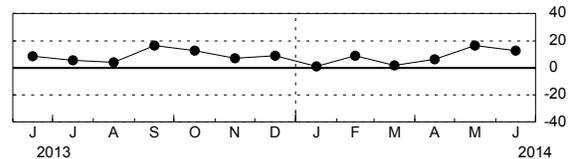
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	33.59	49.22	17.19	16.41
Jun	29.92	52.76	17.32	12.60

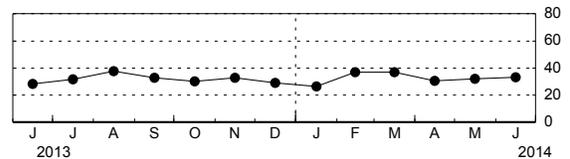
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	34.38	63.28	2.34	32.03
Jun	36.22	60.63	3.15	33.07

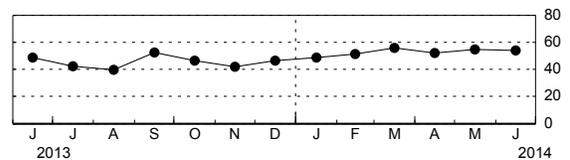
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	56.25	42.19	1.56	54.69
Jun	54.76	44.44	0.79	53.97

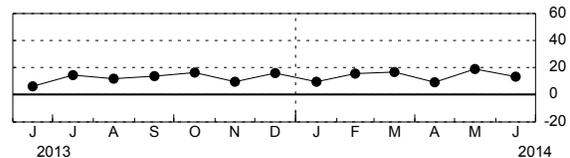
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	28.57	61.90	9.52	19.05
Jun	25.40	62.70	11.90	13.49

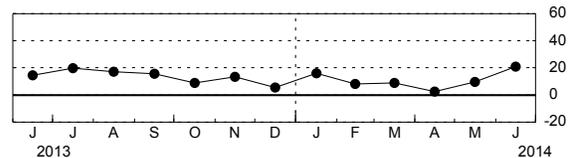
Prices Received - Diffusion Index



## Capital Spending\*

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	27.56	54.33	18.11	9.45
Jun	36.00	48.80	15.20	20.80

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

\*The data begin in June 2013, when this question was first asked.

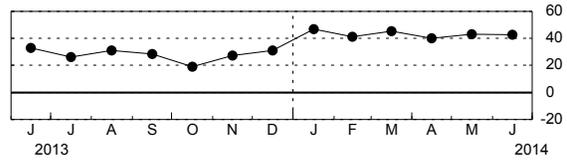
# Forward-Looking Indicators

Expectations Six Months Ahead

## Business Activity

	Higher	Same	Lower	Index
May	56.25	30.47	13.28	42.97
Jun	54.76	33.33	11.90	42.86

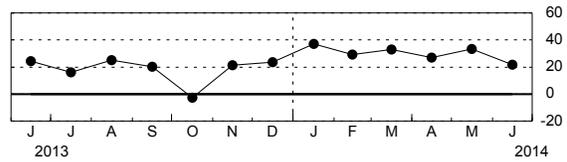
Business Activity - Diffusion Index



## Business Climate

	Better	Same	Worse	Index
May	46.51	40.31	13.18	33.33
Jun	34.38	53.13	12.50	21.88

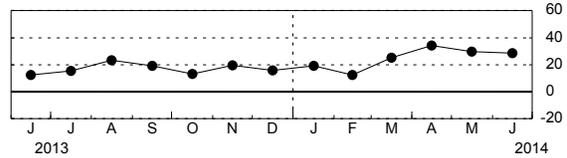
Business Climate - Diffusion Index



## Employment

	Higher	Same	Lower	Index
May	41.32	47.11	11.57	29.75
Jun	44.26	40.16	15.57	28.69

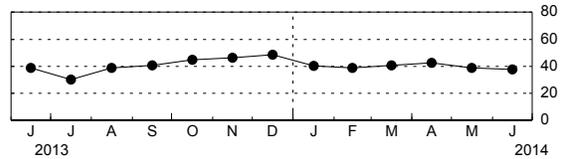
Employment - Diffusion Index



## Wages

	Higher	Same	Lower	Index
May	42.15	54.55	3.31	38.84
Jun	40.98	55.74	3.28	37.70

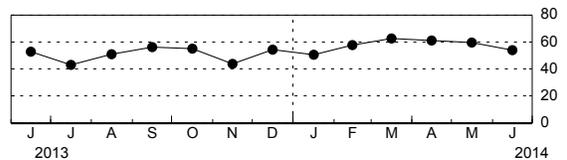
Wages - Diffusion Index



## Prices Paid

	Higher	Same	Lower	Index
May	60.33	38.84	0.83	59.50
Jun	55.74	42.62	1.64	54.10

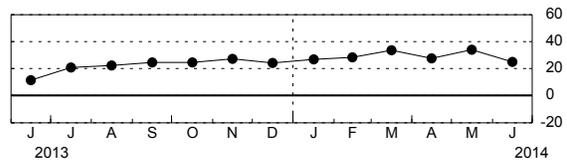
Prices Paid - Diffusion Index



## Prices Received

	Higher	Same	Lower	Index
May	40.00	54.17	5.83	34.17
Jun	33.87	57.26	8.87	25.00

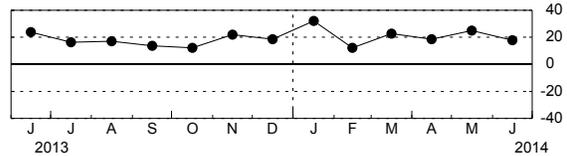
Prices Received - Diffusion Index



## Capital Spending

	Higher	Same	Lower	Index
May	41.67	41.67	16.67	25.00
Jun	35.77	46.34	17.89	17.89

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.