

# Business Leaders Survey

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

The Federal Reserve Bank of New York's September 2014 *Business Leaders Survey* indicates that activity in the region's service sector leveled off. The survey's headline business activity index fell fifteen points to 1.6, indicating that growth slowed substantially. The business climate index declined eight points to -11.4, suggesting that on balance, respondents continued to view the business climate as worse than normal. The employment index was also lower, falling eight points to 14.1, and the wages index was little changed at 34.2. The prices paid index fell five points to 45.1, indicating slightly lower cost pressures, while the prices received index rose three points to 18.0, pointing to a slight acceleration in selling price increases. The current capital spending index dipped three points to 12.4, and indexes for the six-month outlook continued to suggest a fair degree of optimism about future conditions.

## Business Activity Holds Steady

Business activity held steady in the region's service sector this month, according to the September 2014 survey. The business activity index dropped fifteen points to 1.6, indicating just slight growth in the region's service sector. This month, 31 percent of respondents reported that conditions improved, while 29 percent reported that conditions worsened. The business climate index fell eight points to -11.4, suggesting that on balance, the business climate continued to be viewed as worse than normal, and to a greater extent when compared with the prior few months.

## Employment Continues to Grow

Following last month's strong reading, the employment index fell eight points to 14.1, but continued to signal a moderate pickup in hiring activity. The wages index held steady at 34.2,

pointing to a continued moderate increase in wages. The prices paid index fell five points to 45.1, indicating a decline in the pace of input price increases. The prices received index, however, rose three points to 18.0, signifying a slightly faster pace of selling price increases. The capital spending index declined three points to 12.4, suggesting that capital expenditures continued to climb, although at a slightly slower pace than last month.

## Firms Remain Fairly Optimistic about Future Conditions

Indexes for the six-month outlook continued to convey optimism about future business conditions. The index for expected business activity rose six points to 36.9, and the index for future business climate rose ten points to 22.8, indicating that activity is expected to pick up and conditions are expected to be better than normal in the months ahead. The index for expected employment fell to 15.7, suggesting that employment is expected to continue to rise, despite firms being less positive about future hiring plans than they were over the summer. The future prices paid index fell to 47.8, while the future prices received index rose to 29.8. The index for expected capital spending fell for a fourth consecutive month, although it remained positive at 10.4. ■

## Business Activity



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

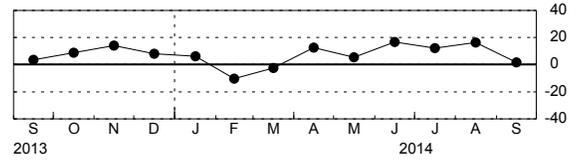
# Current Indicators

Change from Preceding Month

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	39.23	37.69	23.08	16.15
Sep	30.89	39.84	29.27	1.63

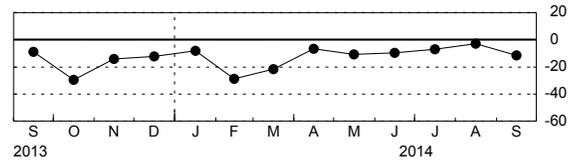
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
Aug	24.24	48.48	27.27	-3.03
Sep	19.51	49.59	30.89	-11.38

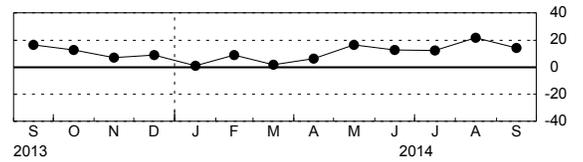
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	34.38	53.13	12.50	21.88
Sep	31.40	51.24	17.36	14.05

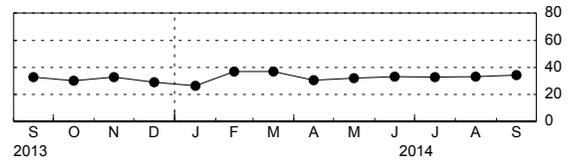
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	35.66	62.02	2.33	33.33
Sep	35.77	62.60	1.63	34.15

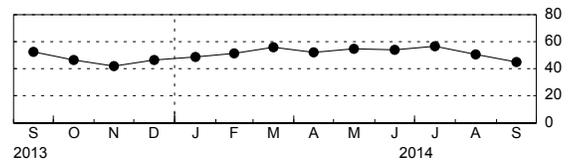
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	51.16	48.06	0.78	50.39
Sep	50.00	45.08	4.92	45.08

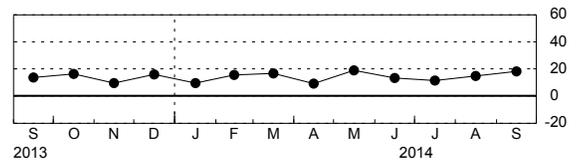
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	20.93	72.87	6.20	14.73
Sep	27.87	62.30	9.84	18.03

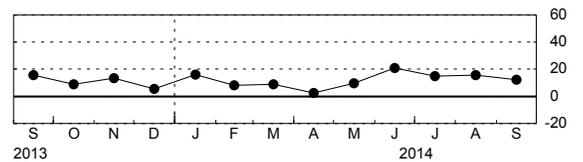
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	31.25	53.13	15.63	15.63
Sep	29.75	52.89	17.36	12.40

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

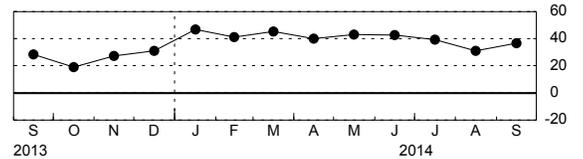
# Forward-Looking Indicators

Expectations Six Months Ahead

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	46.21	38.64	15.15	31.06
Sep	50.82	35.25	13.93	36.89

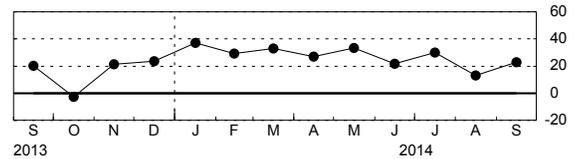
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Same</u>	<u>Worse</u>	<u>Index</u>
Aug	30.53	51.91	17.56	12.98
Sep	36.59	49.59	13.82	22.76

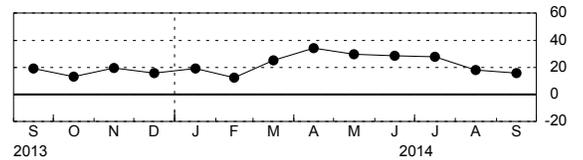
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	37.70	42.62	19.67	18.03
Sep	31.30	53.04	15.65	15.65

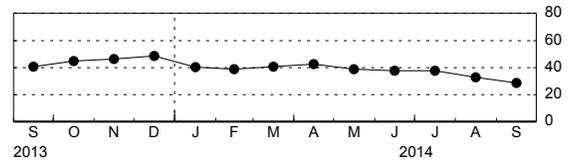
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	36.07	60.66	3.28	32.79
Sep	29.46	69.64	0.89	28.57

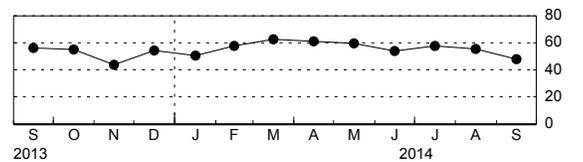
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	57.72	39.84	2.44	55.28
Sep	52.17	43.48	4.35	47.83

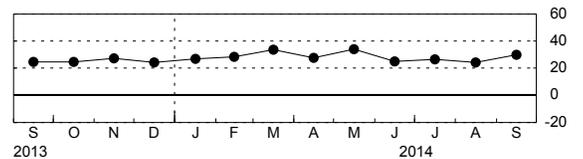
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	34.15	56.10	9.76	24.39
Sep	39.47	50.88	9.65	29.82

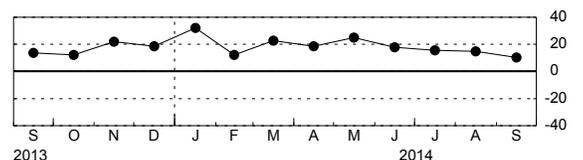
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Aug	34.43	45.90	19.67	14.75
Sep	28.70	53.04	18.26	10.43

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.