

# Business Leaders Survey

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

The Federal Reserve Bank of New York's March 2015 *Business Leaders Survey* indicates that activity in the region's service sector remained flat for a second consecutive month. The survey's headline business activity index was little changed at -0.7. The business climate index fell five points to -13.2, signaling that, on balance, respondents viewed the business climate as worse than normal. The employment index held steady at 15.4, pointing to continued solid gains in employment, and the wages index climbed for a third consecutive month, rising seven points to 41.9, an indication that wage increases picked up. The prices paid index fell ten points to 41.2, pointing to a slower pace of input price increases, while the prices received index climbed six points to 11.9, signifying a faster pace of selling price increases. Although business activity appeared flat over the month, indexes assessing the six-month outlook suggested that firms were very

optimistic about future conditions, with the future business activity index reaching a record high.

### Business Activity Stalls for Second Consecutive Month

Business activity stalled in the region's service sector for a second consecutive month, according to the March 2015 survey. The survey's headline business activity index was little changed at -0.7. This month, 28 percent of respondents reported that conditions improved, and 29 percent reported that conditions worsened. The business climate index fell five points to -13.2, indicating that, on balance, firms viewed the business climate as worse than normal.

### Wage Growth Accelerates

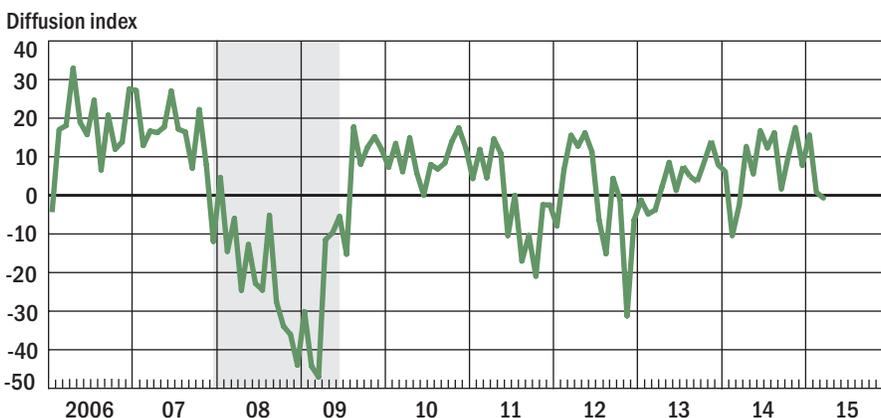
At 15.4, the employment index was little changed from February, pointing to continued moderate gains in

employment levels. The index for wages rose for a third consecutive month, climbing seven points to 41.9, a sign that the pace of growth in wages continued to pick up. The wages index has risen a cumulative sixteen points since December. The prices paid index fell ten points to 41.2, indicating that input price increases slowed. The prices received index climbed six points to 11.9, pointing to a pickup in selling price increases. The capital spending index edged down to 12.6, suggesting continued growth in capital expenditures.

### Hefty Gains Expected

Despite the lack of growth in business activity this month, indexes assessing the six-month outlook suggested that firms remained very optimistic about future business conditions. The index for expected business activity surged seventeen points to 54.0, a record high, and the index for future business climate climbed to 35.0. The index for expected employment rose seven points to 32.8. The index for expected wages was unchanged, suggesting that respondents continue to expect faster wage growth in the months ahead. The index for expected capital spending advanced nine points to 24.6. ■

## Business Activity



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

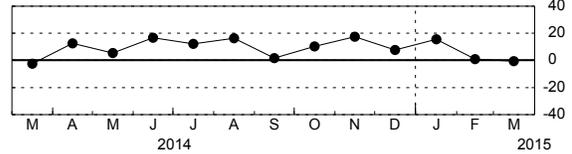
# Current Indicators

Change from Preceding Month

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	32.06	36.64	31.30	0.76
Mar	28.47	42.34	29.20	-0.73

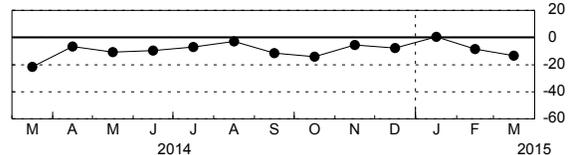
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
Feb	21.37	48.85	29.77	-8.40
Mar	15.44	55.88	28.68	-13.24

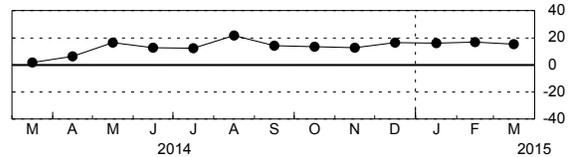
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	30.00	56.92	13.08	16.92
Mar	28.68	58.09	13.24	15.44

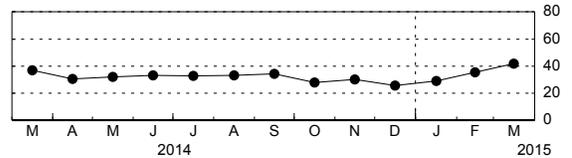
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	37.69	60.00	2.31	35.38
Mar	45.59	50.74	3.68	41.91

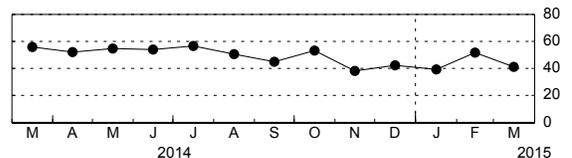
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	53.85	43.85	2.31	51.54
Mar	44.12	52.94	2.94	41.18

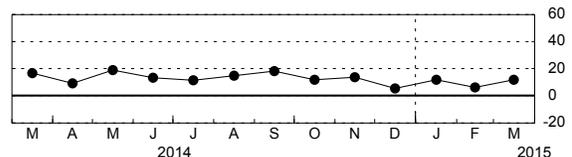
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	20.93	64.34	14.73	6.20
Mar	22.96	65.93	11.11	11.85

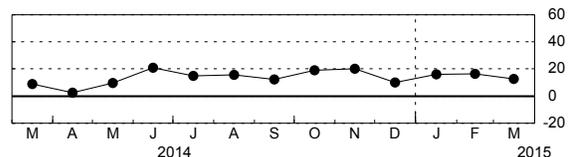
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	30.23	55.81	13.95	16.28
Mar	25.93	60.74	13.33	12.59

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

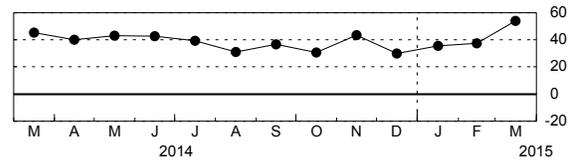
# Forward-Looking Indicators

Expectations Six Months Ahead

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	48.85	39.69	11.45	37.40
Mar	59.85	34.31	5.84	54.01

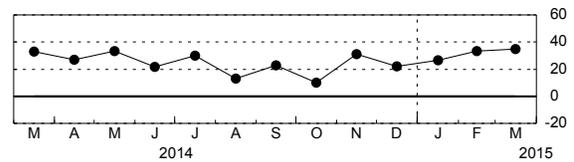
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Same</u>	<u>Worse</u>	<u>Index</u>
Feb	42.42	48.48	9.09	33.33
Mar	44.53	45.99	9.49	35.04

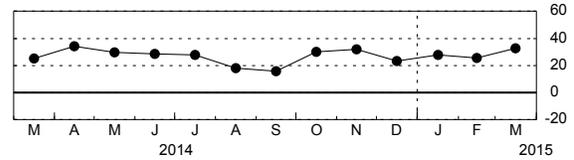
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	36.80	52.00	11.20	25.60
Mar	42.19	48.44	9.38	32.81

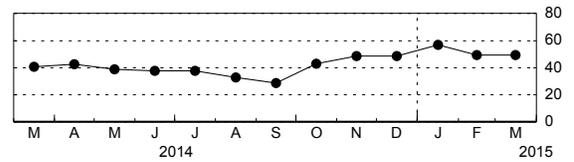
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	50.00	49.21	0.79	49.21
Mar	50.00	49.23	0.77	49.23

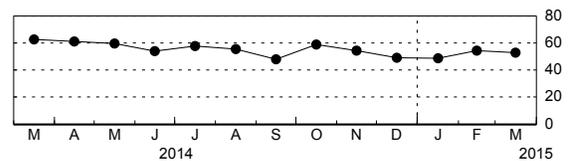
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	56.69	40.94	2.36	54.33
Mar	52.71	47.29	0.00	52.71

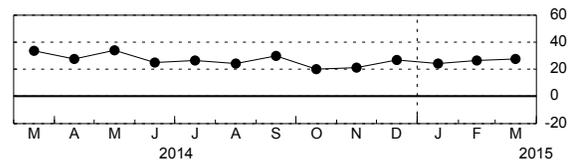
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	33.60	59.20	7.20	26.40
Mar	33.85	60.00	6.15	27.69

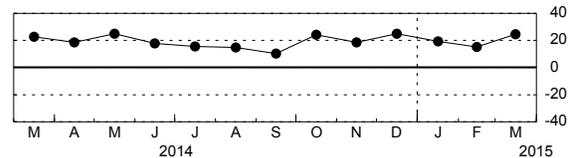
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	34.40	46.40	19.20	15.20
Mar	36.92	50.77	12.31	24.62

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.