

Business Leaders Survey

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

The Federal Reserve Bank of New York's May 2015 *Business Leaders Survey* indicates that activity in the region's service sector expanded moderately. The survey's headline business activity index edged up two points to 12.8. At -7.9, the business climate index was little changed, signaling that, on balance, respondents continued to view the business climate as worse than normal. The employment index held steady at 10.6, a sign of continued growth in employment levels, and the wages index climbed ten points to 40.2, suggesting that wage increases picked up noticeably. The prices paid index rose three points to 43.9, indicating continued moderate input price increases, and the prices received index slipped two points to 6.6, pointing to a small increase in selling prices. Indexes assessing the six-month outlook suggested that firms remained optimistic about future conditions.

Business Activity Continues to Grow

Business activity continued to grow in the region's service sector, according to the May survey. The survey's headline business activity index edged up two points to 12.8. This month, 38 percent of respondents reported that conditions improved, while 25 percent reported that conditions worsened. The business climate index was little changed at -7.9, indicating that, on balance, firms continued to view the business climate as worse than normal.

Acceleration in Wages Resumes

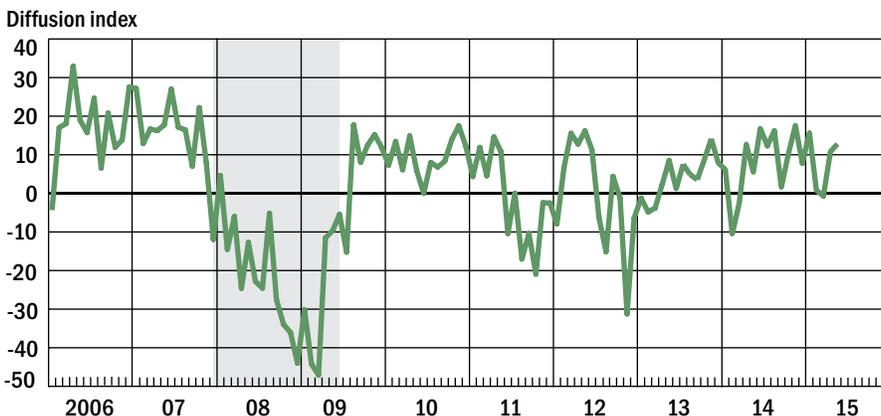
At 11.0, the employment index pointed to continued growth in employment levels. After a brief respite last month, the wages index resumed its upward trend, climbing ten points to 40.2, a sign that wage growth picked up significantly. The prices paid index rose three points to 43.9, indicating somewhat steeper input price increases.

The prices received index inched lower for a second consecutive month, falling two points to 6.6, signaling a modest pace of selling price increases. The capital spending index fell four points to 6.6, suggesting a slower pace of growth in capital expenditures.

Outlook Remains Optimistic

Indexes assessing the six-month outlook suggested that firms remained optimistic about future business conditions. The index for expected business activity held steady at 39.2, and the index for future business climate slipped to 25.6. The index for expected employment was 33.9, indicating that strong employment gains are expected in the months ahead. The index for expected capital spending declined five points to 15.7. ■

Business Activity



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

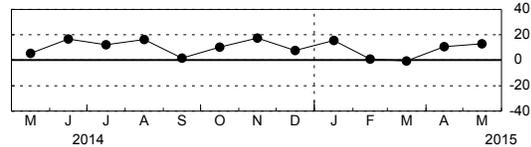
Current Indicators

Change from Preceding Month

Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	33.08	44.62	22.31	10.77
May	37.60	37.60	24.80	12.80

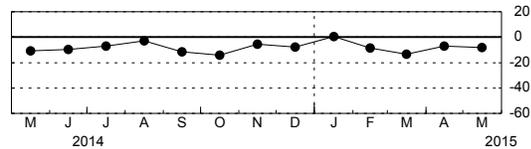
Business Activity - Diffusion Index



Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
Apr	19.08	54.96	25.95	-6.87
May	18.25	55.56	26.19	-7.94

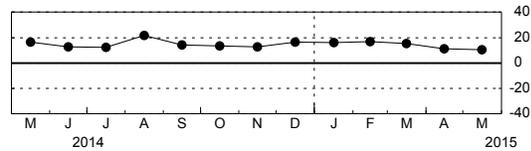
Business Climate - Diffusion Index



Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	28.35	54.33	17.32	11.02
May	26.83	56.91	16.26	10.57

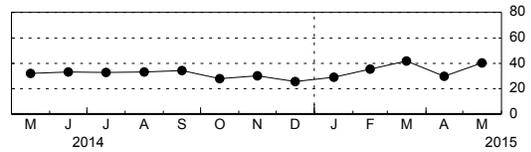
Employment - Diffusion Index



Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	32.81	64.06	3.13	29.69
May	42.62	54.92	2.46	40.16

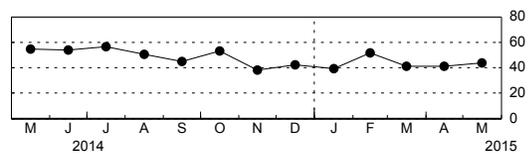
Wages - Diffusion Index



Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	43.41	54.26	2.33	41.09
May	46.34	51.22	2.44	43.90

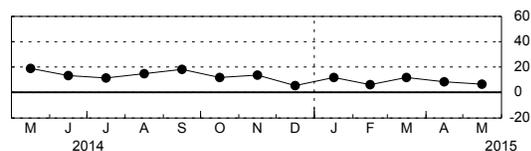
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	17.97	72.66	9.38	8.59
May	21.49	63.64	14.88	6.61

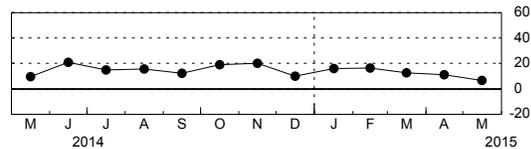
Prices Received - Diffusion Index



Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	28.35	54.33	17.32	11.02
May	29.75	47.11	23.14	6.61

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

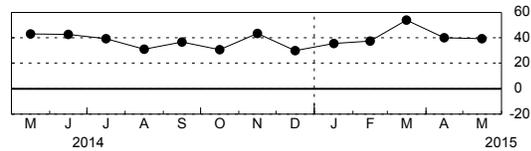
Forward-Looking Indicators

Expectations Six Months Ahead

Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	51.54	36.92	11.54	40.00
May	51.20	36.80	12.00	39.20

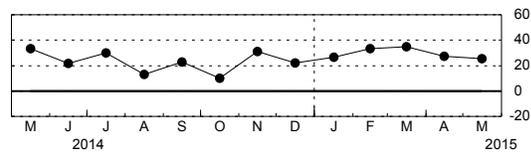
Business Activity - Diffusion Index



Business Climate

	<u>Better</u>	<u>Same</u>	<u>Worse</u>	<u>Index</u>
Apr	35.88	55.73	8.40	27.48
May	36.80	52.00	11.20	25.60

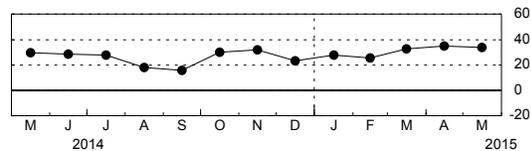
Business Climate - Diffusion Index



Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	45.53	43.90	10.57	34.96
May	42.15	49.59	8.26	33.88

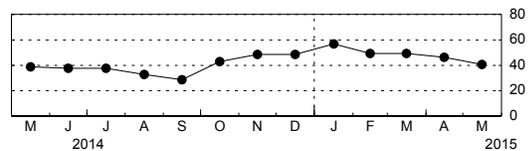
Employment - Diffusion Index



Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	47.15	52.03	0.81	46.34
May	44.17	52.50	3.33	40.83

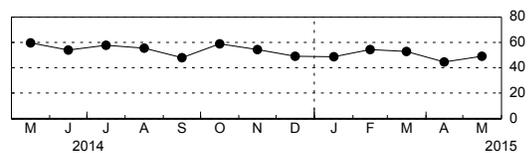
Wages - Diffusion Index



Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	46.34	52.03	1.63	44.72
May	52.50	44.17	3.33	49.17

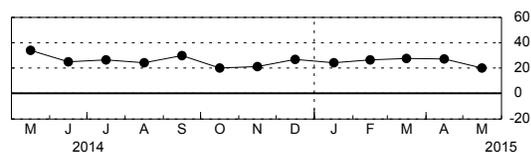
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	31.97	63.11	4.92	27.05
May	31.09	57.98	10.92	20.17

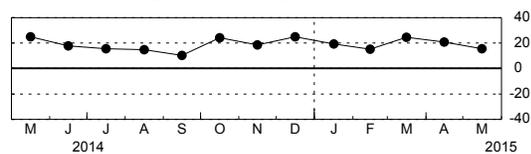
Prices Received - Diffusion Index



Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Apr	35.54	49.59	14.88	20.66
May	35.54	44.63	19.83	15.70

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.