

# Business Leaders Survey

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

The Federal Reserve Bank of New York's July 2015 *Business Leaders Survey* indicates that activity in the region's service sector expanded moderately. The survey's headline business activity index was little changed at 11.0. The business climate index climbed five points to -7.3, signaling that, on balance, respondents continued to view the business climate as worse than normal. After reaching a multiyear high last month, the employment index fell seven points to 16.9, an indication that employment continued to grow strongly. The wages index slipped three points to 34.6, pointing to somewhat slower growth in wages. Price indexes revealed a slight decline in the pace of both input price and selling price increases. Indexes assessing the six-month outlook were positive, but suggested that firms remained less optimistic than they were earlier this year.

## Growth in Business Activity Continues

Business activity continued to grow in the region's service sector, according to the July survey. The survey's headline business activity index was little changed at 11.0. This month, 39 percent of respondents reported that conditions improved, while 28 percent reported that conditions worsened. The business climate index rose five points to -7.3, indicating that, on balance, firms continued to view the business climate as worse than normal, though to a lesser extent than last month.

## Employment Expands

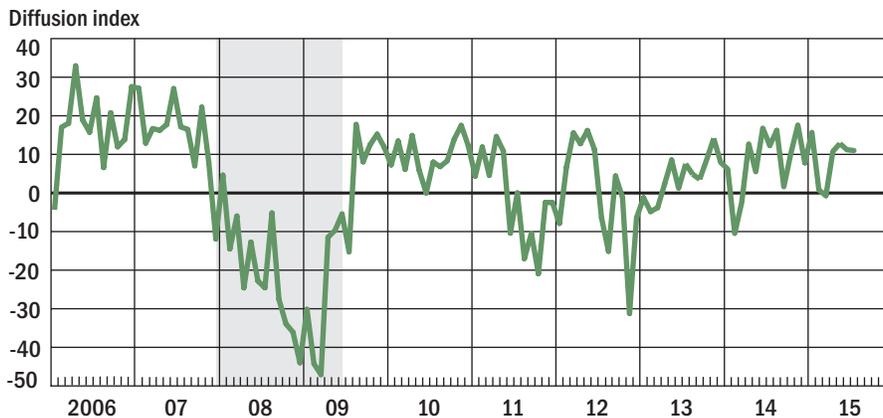
Labor market indicators signaled an expansion in employment and wages. After reaching a multiyear high last month, the employment index fell seven points to 16.9, suggesting that employment growth remained strong. The wages index retreated

three points to 34.6, indicating a slightly slower pace of wage growth than last month. Price indexes edged lower, suggesting a slightly slower pace of increase in both input prices and selling prices. The prices paid index moved down four points to 44.1, and the prices received index declined two points to 11.9. The capital spending index was little changed at 9.0.

## Outlook Less Positive than Earlier This Year

Indexes assessing the six-month outlook suggested that for a second consecutive month, firms were less optimistic about future business conditions than they were earlier in 2015. The index for expected business activity rose slightly to 31.9, and the index for future business climate retreated for a fourth consecutive month, falling four points to 16.3. The index for expected employment was unchanged at 20.5, while the index for future wages climbed nine points to 46.5. The index for expected capital spending fell six points to 13.4. ■

## Business Activity



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

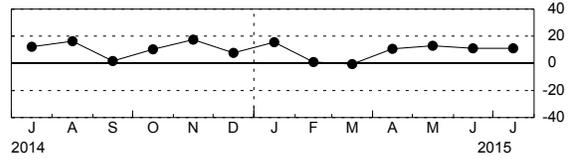
# Current Indicators

Change from Preceding Month

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	36.57	38.06	25.37	11.19
Jul	38.69	33.58	27.74	10.95

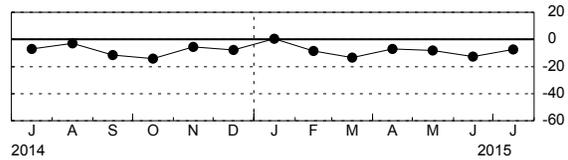
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
Jun	18.52	50.37	31.11	-12.59
Jul	21.90	48.91	29.20	-7.30

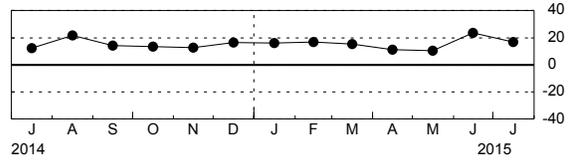
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	34.85	53.79	11.36	23.48
Jul	32.35	52.21	15.44	16.91

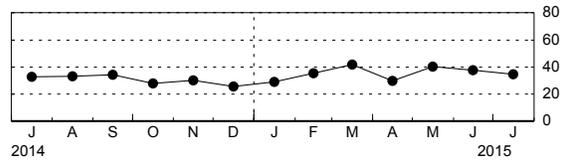
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	40.60	56.39	3.01	37.59
Jul	37.50	59.56	2.94	34.56

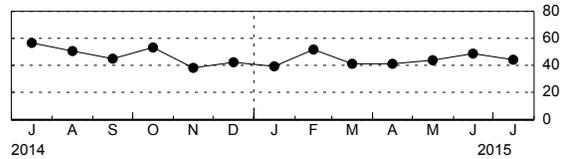
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	50.75	47.01	2.24	48.51
Jul	46.32	51.47	2.21	44.12

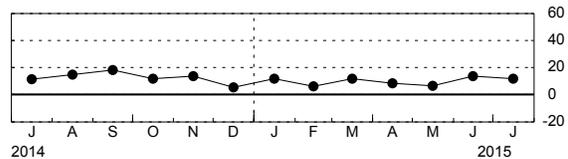
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	23.31	66.92	9.77	13.53
Jul	22.22	67.41	10.37	11.85

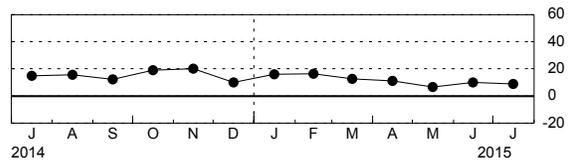
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Jun	33.33	43.18	23.48	9.85
Jul	32.09	44.78	23.13	8.96

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

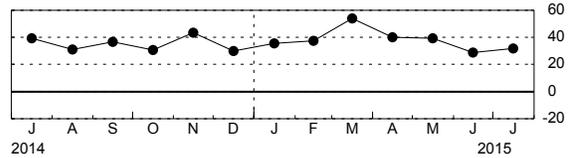
# Forward-Looking Indicators

Expectations Six Months Ahead

## Business Activity

	Higher	Same	Lower	Index
Jun	44.44	40.00	15.56	28.89
Jul	43.70	44.44	11.85	31.85

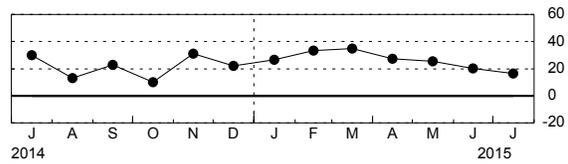
Business Activity - Diffusion Index



## Business Climate

	Better	Same	Worse	Index
Jun	32.84	54.48	12.69	20.15
Jul	28.89	58.52	12.59	16.30

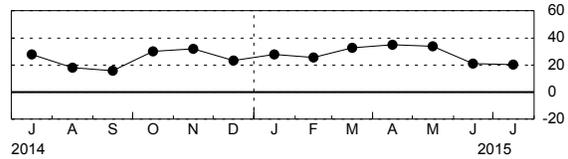
Business Climate - Diffusion Index



## Employment

	Higher	Same	Lower	Index
Jun	33.33	54.26	12.40	20.93
Jul	30.71	59.06	10.24	20.47

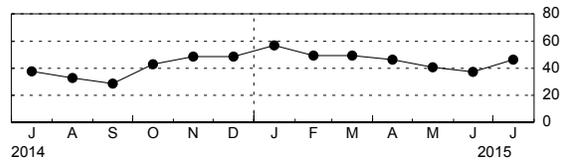
Employment - Diffusion Index



## Wages

	Higher	Same	Lower	Index
Jun	40.31	56.59	3.10	37.21
Jul	48.03	50.39	1.57	46.46

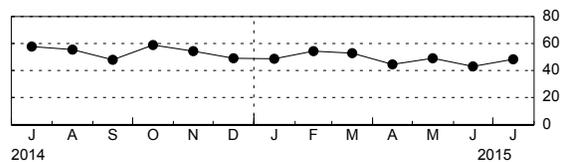
Wages - Diffusion Index



## Prices Paid

	Higher	Same	Lower	Index
Jun	44.53	53.91	1.56	42.97
Jul	49.22	50.00	0.78	48.44

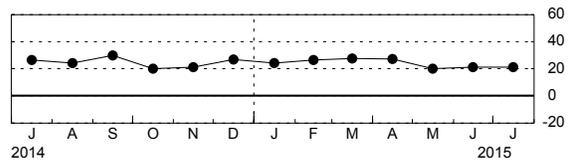
Prices Paid - Diffusion Index



## Prices Received

	Higher	Same	Lower	Index
Jun	28.13	64.84	7.03	21.09
Jul	32.81	55.47	11.72	21.09

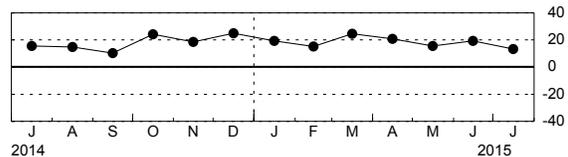
Prices Received - Diffusion Index



## Capital Spending

	Higher	Same	Lower	Index
Jun	36.80	45.60	17.60	19.20
Jul	34.65	44.09	21.26	13.39

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.