

# Business Leaders Survey

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

The Federal Reserve Bank of New York's March 2016 *Business Leaders Survey* indicates that activity in the region's service sector expanded. After dipping below zero in February, the survey's headline business activity index jumped twenty-four points to 12.6, its highest level in several months. The business climate index rose seventeen points but remained negative at -10.1, signaling that, on balance, respondents continued to view the business climate as worse than normal. The employment index advanced six points to 14.8, pointing to a pickup in employment levels, and the wages index was little changed at 35.6. Both input prices and selling prices increased more rapidly this month, with the prices paid index rising eight points to 39.3 and the prices received index climbing eleven points to 13.4. Indexes assessing the six-month outlook indicated that firms were more optimistic about future business conditions than they had been last month.

## Business Activity Picks Up

Business activity increased in the region's service sector, according to the March 2016 survey. After falling into negative territory last month, the survey's headline business activity index popped back up above zero, climbing twenty-four points to 12.6. This month, 37 percent of respondents reported that conditions improved, while 24 percent reported that conditions worsened. The business climate index, which had dropped to its lowest level in two years in February, rose seventeen points to -10.1, indicating that, on balance, firms continued to view the business climate as worse than normal, but much less so than last month.

## Employment Continues to Grow

The employment index climbed six points to 14.8, pointing to moderate growth in employment levels. The wages index was little changed at 35.6. The prices paid index rose eight points

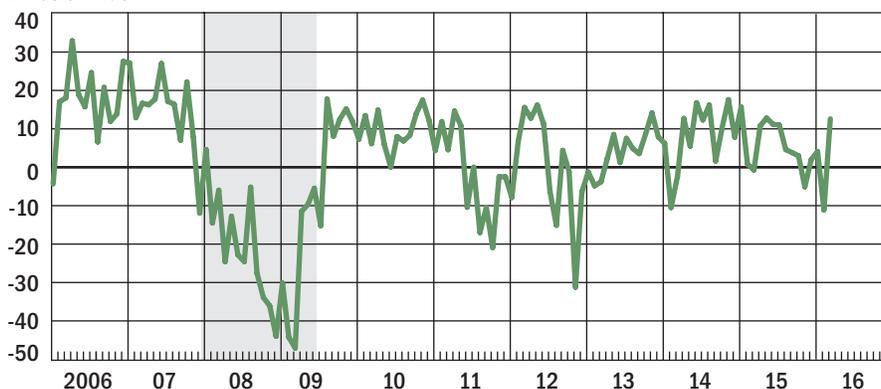
to 39.3, suggesting a more rapid pace of input price increases. Similarly, the prices received index advanced eleven points to 13.4, indicating that selling prices increased at a faster pace. The capital spending index edged up to 6.0, signaling a modest rise in capital spending.

## Firms Express More Widespread Optimism

Indexes assessing the six-month outlook suggested an increase in optimism about future business conditions compared with last month. The index for expected business activity rose eight points to 31.6. After plunging into negative territory in February, the index for future business climate more than recovered the ground it had lost, rising twenty-four points to 15.3. The index for expected employment edged down two points to 20.2, suggesting that employment was expected to grow, and the index for expected wages held steady at 44.4. The index for future capital spending inched up to 21.6. ■

## Business Activity

Diffusion index



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

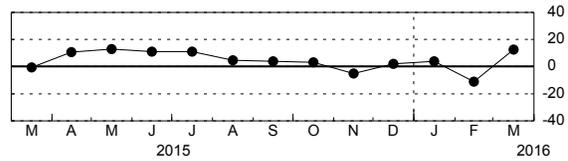
# Current Indicators

Change from Preceding Month

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	26.39	36.11	37.50	-11.11
Mar	37.04	38.52	24.44	12.59

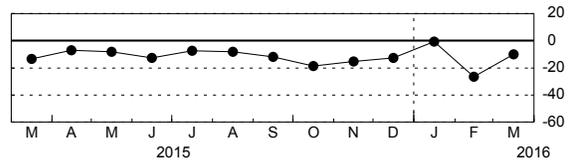
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
Feb	15.75	41.78	42.47	-26.71
Mar	25.36	39.13	35.51	-10.14

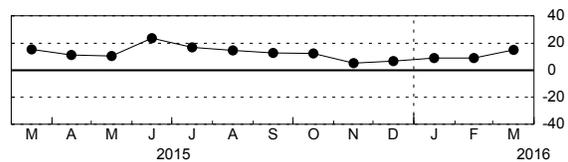
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	25.34	58.22	16.44	8.90
Mar	30.37	54.07	15.56	14.81

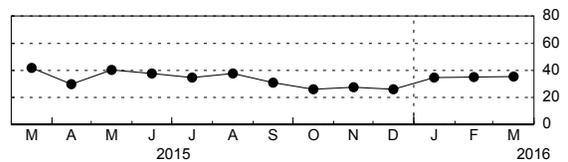
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	39.04	56.85	4.11	34.93
Mar	40.00	55.56	4.44	35.56

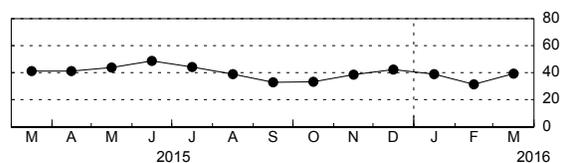
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	41.78	47.95	10.27	31.51
Mar	44.44	50.37	5.19	39.26

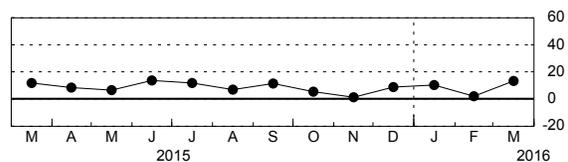
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	17.93	66.21	15.86	2.07
Mar	24.63	64.18	11.19	13.43

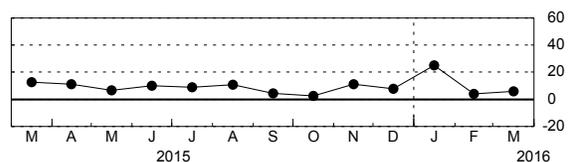
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	24.14	55.86	20.00	4.14
Mar	26.32	53.38	20.30	6.02

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

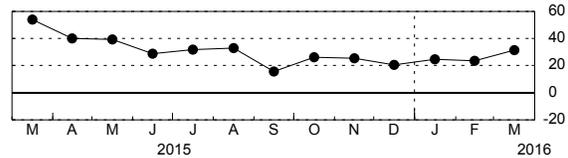
# Forward-Looking Indicators

Expectations Six Months Ahead

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	42.36	38.89	18.75	23.61
Mar	47.06	37.50	15.44	31.62

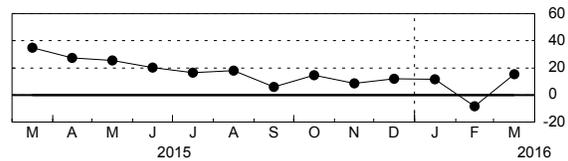
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Same</u>	<u>Worse</u>	<u>Index</u>
Feb	22.22	47.22	30.56	-8.33
Mar	33.58	48.18	18.25	15.33

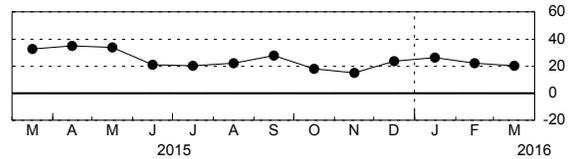
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	38.85	44.60	16.55	22.30
Mar	38.06	44.03	17.91	20.15

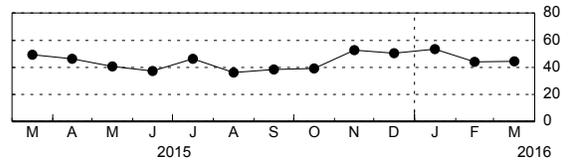
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	48.94	46.10	4.96	43.97
Mar	48.12	48.12	3.76	44.36

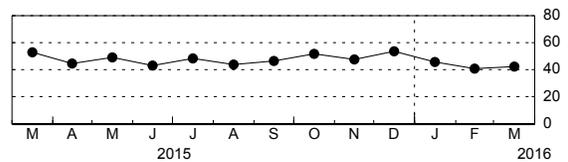
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	45.26	50.36	4.38	40.88
Mar	44.70	53.03	2.27	42.42

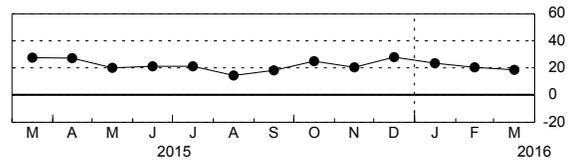
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	30.50	59.57	9.93	20.57
Mar	27.61	63.43	8.96	18.66

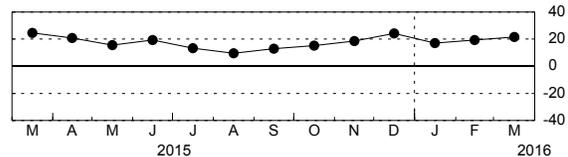
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Feb	36.43	46.43	17.14	19.29
Mar	35.82	50.00	14.18	21.64

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.