

# Business Leaders Survey

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

The Federal Reserve Bank of New York's April 2016 *Business Leaders Survey* indicates that activity in the region's service sector was flat. The survey's headline business activity index fell eleven points to 1.5. The business climate index declined nine points to -18.7, signaling that, on balance, respondents continued to view the business climate as worse than normal. The employment index slipped seven points but held above zero at 8.2, pointing to a modest increase in employment levels. The wages index was little changed at 35.8. Both input prices and selling prices increased, but at a slower pace than last month. Indexes assessing the

six-month outlook indicated that firms generally remained optimistic about future business conditions, with the index for future capital spending rising to a multiyear high.

## Business Activity Holds Steady

Business activity was little changed in the region's service sector, according to the April 2016 survey. The survey's headline business activity index sank eleven points to 1.5. This month, 31 percent of respondents reported that conditions improved, while 29 percent reported that conditions worsened. The business climate index slid nine points to -18.7, signaling that, on balance,

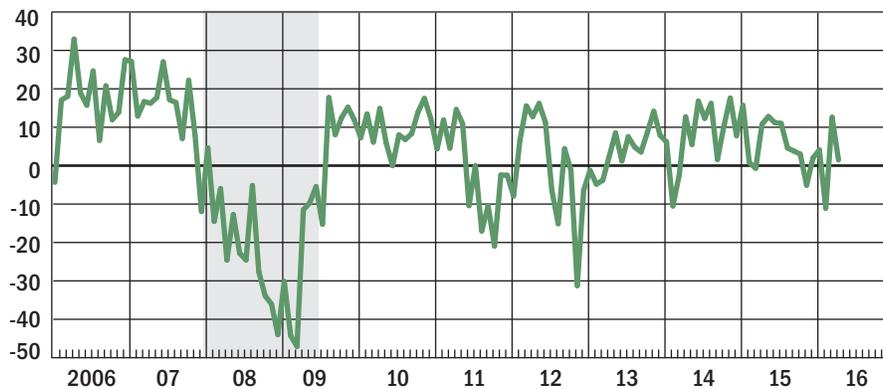
firms continued to view the business climate as worse than normal, and to a greater extent than last month.

## Employment Expands Modestly

The employment index fell seven points but remained positive at 8.2, indicating that employment grew modestly. The wages index held steady at 35.8. The prices paid index declined six points to 32.8, suggesting that the pace of input price increases was somewhat slower than last month. The prices received index fell ten points to 3.1, indicating a slowing in input price increases as well. The capital spending index edged up to 7.5, signaling a modest rise in capital spending.

## Business Activity

Diffusion index



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

## Firms Remain Fairly Optimistic

Indexes assessing the six-month outlook suggested that firms remained optimistic about future business conditions. The index for future business activity was little changed at 30.1, and the index for future business climate edged down to 12.1. The index for expected employment climbed six points to 26.0, suggesting that employment was expected to expand in the months ahead, and the index for expected wages rose five points to 49.2, indicating that stronger wage growth was anticipated. The index for future capital spending advanced seven points to 28.6, a multiyear high, signaling that strong capital spending was planned for the next six months. ■

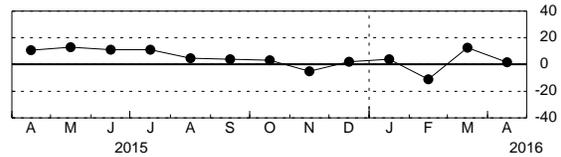
# Current Indicators

Change from Preceding Month

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	37.04	38.52	24.44	12.59
Apr	30.83	39.85	29.32	1.50

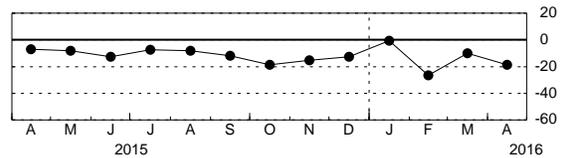
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
Mar	25.36	39.13	35.51	-10.14
Apr	17.16	47.01	35.82	-18.66

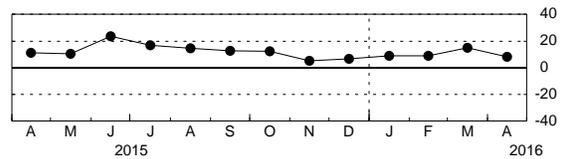
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	30.37	54.07	15.56	14.81
Apr	28.36	51.49	20.15	8.21

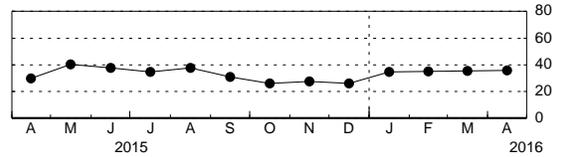
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	40.00	55.56	4.44	35.56
Apr	41.04	53.73	5.22	35.82

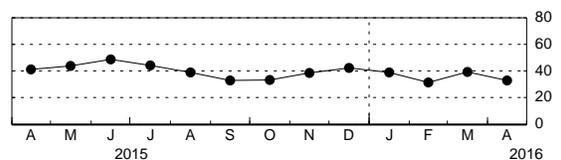
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	44.44	50.37	5.19	39.26
Apr	39.55	53.73	6.72	32.84

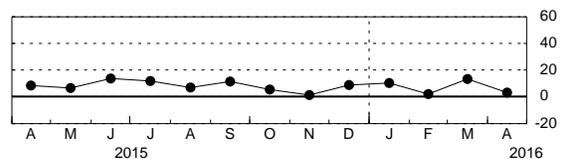
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	24.63	64.18	11.19	13.43
Apr	18.32	66.41	15.27	3.05

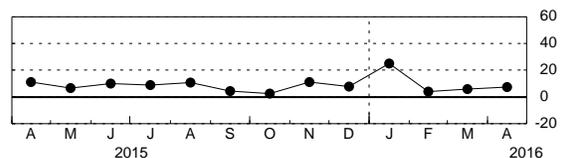
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	26.32	53.38	20.30	6.02
Apr	29.32	48.87	21.80	7.52

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

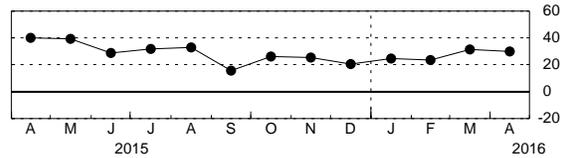
# Forward-Looking Indicators

Expectations Six Months Ahead

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	47.06	37.50	15.44	31.62
Apr	45.86	38.35	15.79	30.08

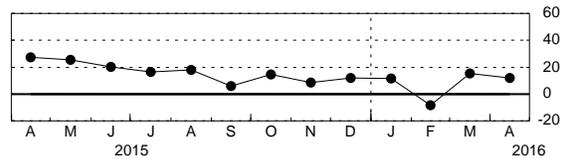
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Same</u>	<u>Worse</u>	<u>Index</u>
Mar	33.58	48.18	18.25	15.33
Apr	30.30	51.52	18.18	12.12

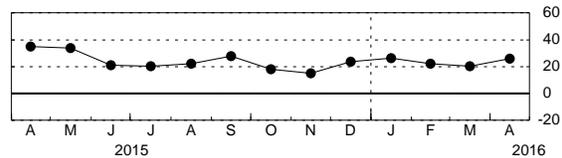
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	38.06	44.03	17.91	20.15
Apr	41.73	42.52	15.75	25.98

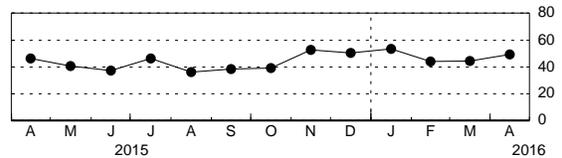
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	48.12	48.12	3.76	44.36
Apr	52.34	44.53	3.13	49.22

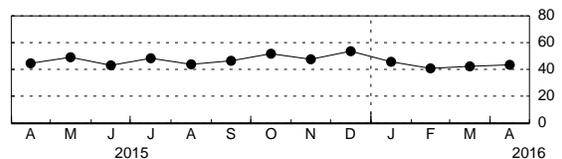
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	44.70	53.03	2.27	42.42
Apr	44.88	53.54	1.57	43.31

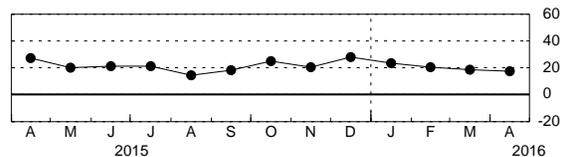
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	27.61	63.43	8.96	18.66
Apr	28.57	60.32	11.11	17.46

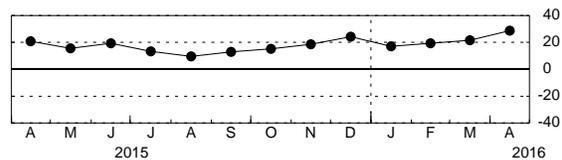
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	35.82	50.00	14.18	21.64
Apr	42.06	44.44	13.49	28.57

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.