

Business Leaders Survey

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

Activity in the region's service sector continued to expand modestly, according to firms responding to the Federal Reserve Bank of New York's April 2017 *Business Leaders Survey*. The survey's headline business activity index advanced four points to 6.7. The business climate index edged above zero, signaling that respondents viewed the business climate as slightly better than normal. The employment index slipped five points to 4.9, suggesting some slowing in net hiring activity. The wages index eased slightly but remained well in positive territory, indicating steady and moderate wage growth. The prices paid index was little changed at 44.1 and the prices received index held steady at 17.6, pointing to steady growth in both input and selling prices. Indexes assessing the six-month outlook suggested that firms remained quite optimistic about future business conditions, though a bit less so than in March: the index for future business activity edged back from a two-year

high but remained near the upper end of its recent range.

Business Activity Expands Modestly

Business activity in the region's service sector expanded modestly for a fourth consecutive month. The headline business activity index rose four points to 6.7, reversing March's modest decline. Thirty-two percent of respondents reported that conditions had improved over the month, while 25 percent said they had worsened. The business climate index moved above zero, rising three points to 3.0, suggesting that, on balance, firms viewed the business climate as slightly better than normal.

Hiring Activity Slows

The employment index slipped another five points to 4.9, suggesting that net hiring activity slowed further. The wages index edged back four points to 35.2, signaling a continuation of moderate wage growth. The prices paid index was little changed at 44.1

and the prices received measure held steady at 17.6, indicating that both input costs and selling prices increased at about the same pace as last month. The capital spending index rose for the second straight month, climbing seven points to 19.8—its highest level in more than a year.

Firms Remain Optimistic about the Outlook

Indexes assessing the six-month outlook pointed to continued widespread optimism among service-sector businesses in the region. The index for future business activity retreated thirteen points to 37.0 and the index for future business climate slipped seven points to 27.8—in both cases, still higher than the levels seen for most of the past three years. The index for expected employment rose seven points to 25.8, and the index for planned capital spending climbed six points to 31.3, its highest level in more than three years. ■

Business Activity

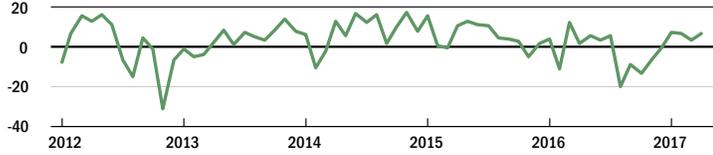


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

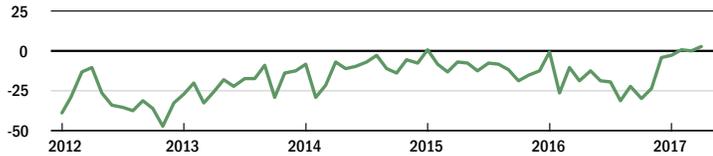
Change from Preceding Month

Business Activity



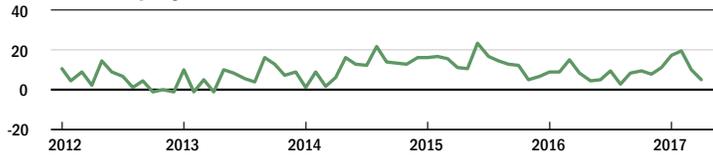
	Percent Reporting		Index
	Higher	Lower	
Mar	31.6	28.5	3.2
Apr	31.9	25.2	6.7
Change			3.5

Business Climate



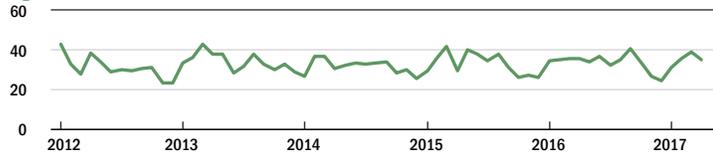
	Percent Reporting		Index
	Favorable	Unfavorable	
Mar	22.0	22.0	0.0
Apr	28.5	25.5	3.0
Change			3.0

Number of Employees



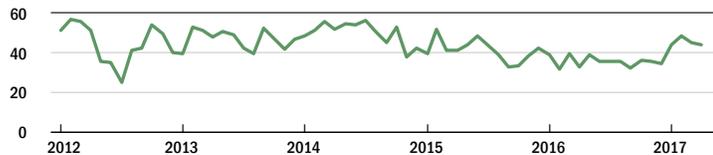
	Percent Reporting		Index
	Higher	Lower	
Mar	27.2	17.1	10.1
Apr	24.1	19.1	4.9
Change			-5.2

Wages



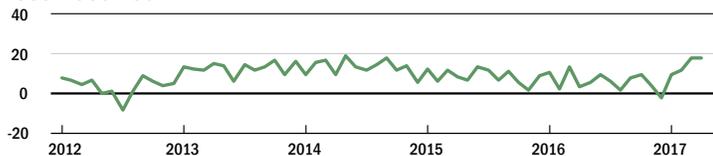
	Percent Reporting		Index
	Higher	Lower	
Mar	41.4	2.5	38.9
Apr	36.4	1.2	35.2
Change			-3.7

Prices Paid



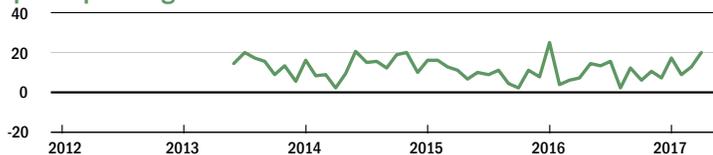
	Percent Reporting		Index
	Higher	Lower	
Mar	46.8	1.9	44.9
Apr	45.3	1.2	44.1
Change			-0.8

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Mar	26.3	8.3	17.9
Apr	26.4	8.8	17.6
Change			-0.3

Capital Spending



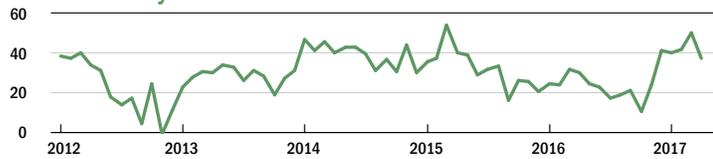
	Percent Reporting		Index
	Higher	Lower	
Mar	29.9	17.2	12.7
Apr	32.1	12.3	19.8
Change			7.1

Note: Data are not seasonally adjusted.

Forward-Looking Indicators

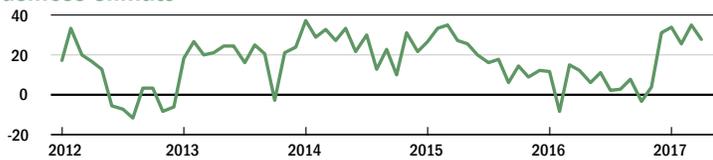
Expectations Six Months Ahead

Business Activity



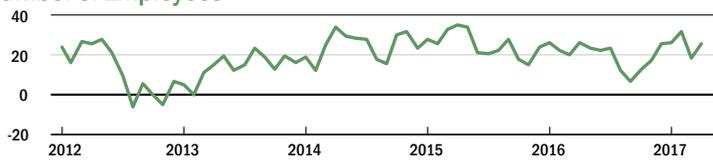
	Percent Reporting		Index
	Higher	Lower	
Mar	60.8	10.8	50.0
Apr	52.7	15.8	37.0
Change			-13.0

Business Climate



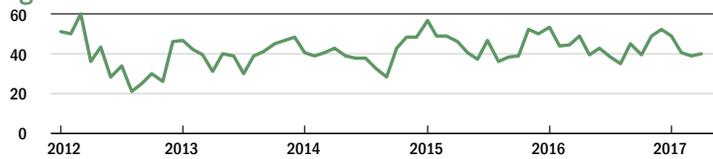
	Percent Reporting		Index
	Favorable	Unfavorable	
Mar	47.8	12.6	35.2
Apr	41.4	13.6	27.8
Change			-7.4

Number of Employees



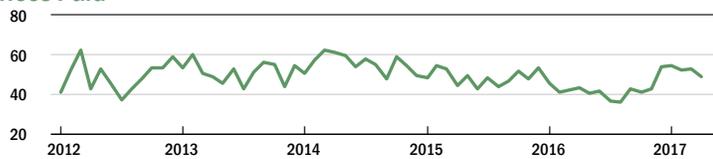
	Percent Reporting		Index
	Higher	Lower	
Mar	35.3	16.7	18.6
Apr	39.6	13.8	25.8
Change			7.2

Wages



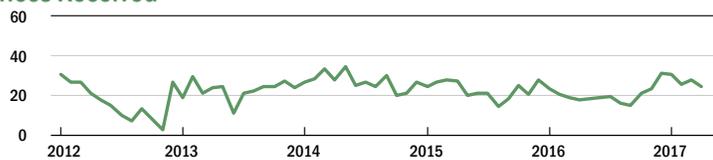
	Percent Reporting		Index
	Higher	Lower	
Mar	41.3	2.6	38.7
Apr	41.8	1.9	39.9
Change			1.2

Prices Paid



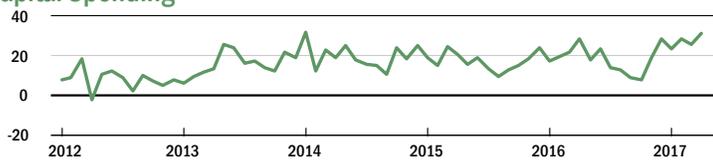
	Percent Reporting		Index
	Higher	Lower	
Mar	54.2	1.3	52.9
Apr	51.9	3.1	48.8
Change			-4.1

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Mar	34.4	6.5	27.9
Apr	30.8	6.3	24.5
Change			-3.4

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Mar	38.5	12.8	25.6
Apr	40.6	9.4	31.3
Change			5.7

Note: Data are not seasonally adjusted.