

Business Leaders Survey

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

Activity in the region’s service sector showed little change, according to firms responding to the Federal Reserve Bank of New York’s July 2017 *Business Leaders Survey*. The survey’s headline business activity index edged down four points to -0.7. The business climate index remained negative at -13.2, signaling that respondents continued to view the business climate as worse than normal. The employment index climbed seven points to 9.6, pointing to an increase in employment levels, and the wages index rose five points to 32.4, suggesting that wages rose at a faster pace than last month. Price indexes were positive and little changed, indicating that both input prices and selling prices increased at about the same pace as in June. Capital spending grew modestly. Indexes assessing the six-month outlook suggested that firms were somewhat less optimistic about future business conditions than they were last month.

Activity Flat as Business Climate Remains Unfavorable

Business activity in the region’s service sector was unchanged in July. The headline business activity index fell four points to -0.7. Twenty-seven percent of respondents reported that conditions had improved over the month, and 28 percent said that conditions had worsened. After dropping to its lowest level in several months in June, the business climate index was little changed at -13.2, suggesting that, on balance, firms continued to regard the business climate as worse than normal.

Employment Picks Up

The employment index climbed seven points to 9.6, signaling that employment levels increased modestly. The wages index rose five points to 32.4—evidence that wages increased at a faster pace than last month. Both

price indexes were little changed: the prices paid index was 38.4, and the prices received index was 10.3, suggesting that prices increased at about the same pace as last month. The capital spending index edged down two points to 11.2.

Optimism Somewhat Lower

Indexes assessing the six-month outlook continued to convey optimism about future conditions, though to a somewhat lesser extent than in recent months. The index for future business activity fell three points to 28.4, its third consecutive monthly decline, and the index for future business climate was little changed at 16.1. The index for expected employment dropped fourteen points to 12.6, its lowest level in several months, and the index for planned capital spending fell six points to 14.6. ■

Business Activity

Diffusion index

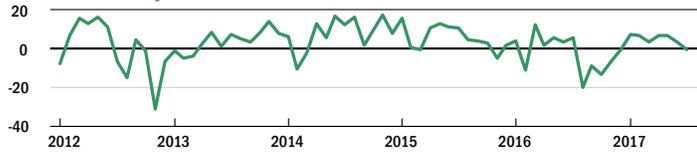


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

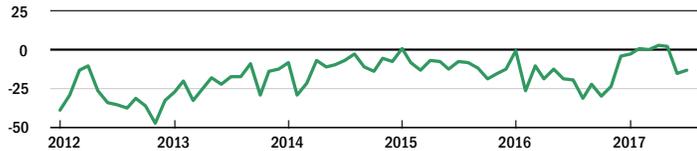
Change from Preceding Month

Business Activity



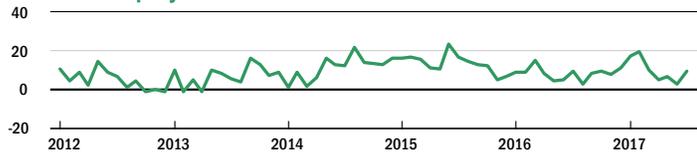
	Percent Reporting		Index
	Higher	Lower	
Jun	31.5	28.2	3.4
Jul	27.2	27.8	-0.7
Change			-4.1

Business Climate



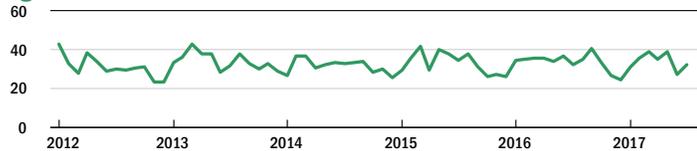
	Percent Reporting		Index
	Favorable	Unfavorable	
Jun	20.0	35.5	-15.5
Jul	18.5	31.8	-13.2
Change			2.3

Number of Employees



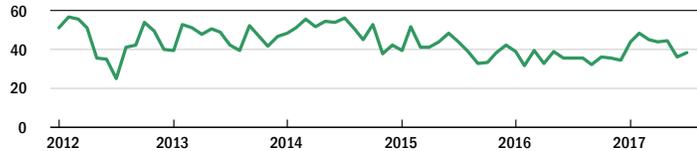
	Percent Reporting		Index
	Higher	Lower	
Jun	22.1	19.5	2.7
Jul	28.1	18.5	9.6
Change			6.9

Wages



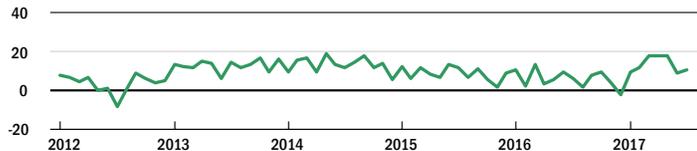
	Percent Reporting		Index
	Higher	Lower	
Jun	32.2	4.7	27.5
Jul	34.5	2.1	32.4
Change			4.9

Prices Paid



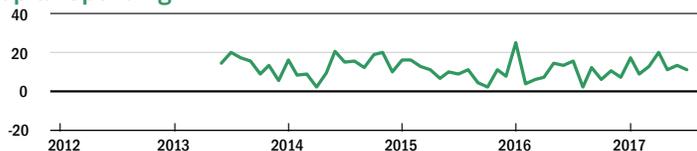
	Percent Reporting		Index
	Higher	Lower	
Jun	40.3	4.0	36.2
Jul	41.1	2.7	38.4
Change			2.2

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jun	17.7	8.8	8.8
Jul	17.2	6.9	10.3
Change			1.5

Capital Spending



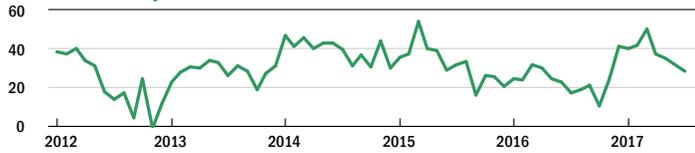
	Percent Reporting		Index
	Higher	Lower	
Jun	28.9	15.4	13.4
Jul	28.7	17.5	11.2
Change			-2.2

Note: Data are not seasonally adjusted.

Forward-Looking Indicators

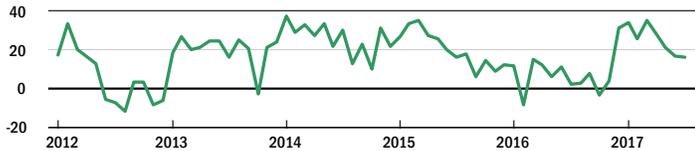
Expectations Six Months Ahead

Business Activity



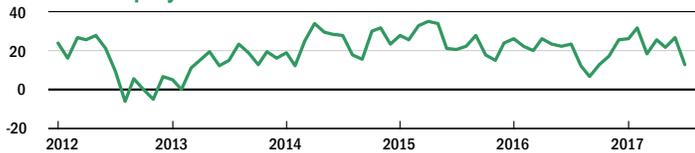
	Percent Reporting		Index
	Higher	Lower	
Jun	45.4	13.8	31.6
Jul	42.6	14.2	28.4
Change			-3.2

Business Climate



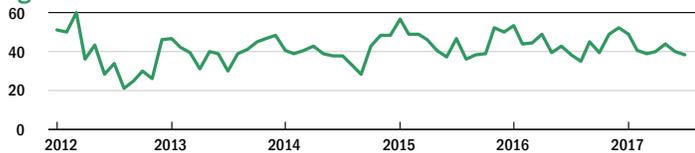
	Percent Reporting		Index
	Favorable	Unfavorable	
Jun	28.7	12.0	16.7
Jul	32.2	16.1	16.1
Change			-0.6

Number of Employees



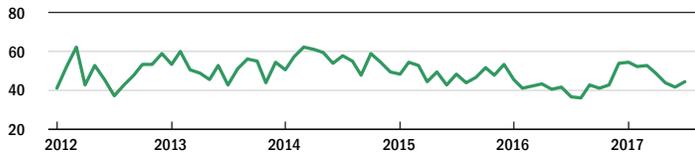
	Percent Reporting		Index
	Higher	Lower	
Jun	38.1	11.6	26.5
Jul	29.4	16.8	12.6
Change			-13.9

Wages



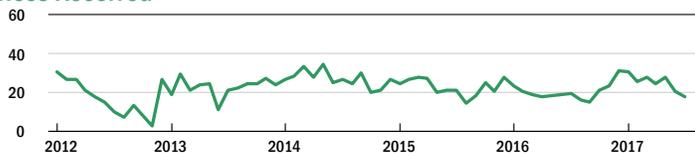
	Percent Reporting		Index
	Higher	Lower	
Jun	43.5	3.4	40.1
Jul	39.9	1.4	38.5
Change			-1.6

Prices Paid



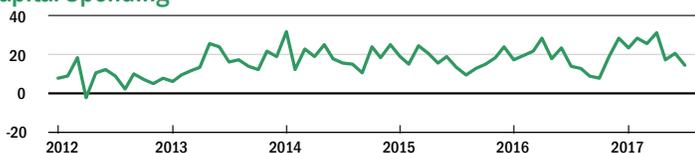
	Percent Reporting		Index
	Higher	Lower	
Jun	45.8	4.2	41.7
Jul	47.2	2.8	44.4
Change			2.7

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jun	27.1	6.3	20.8
Jul	23.2	5.6	17.6
Change			-3.2

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jun	34.7	14.3	20.4
Jul	29.2	14.6	14.6
Change			-5.8

Note: Data are not seasonally adjusted.