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.
Current Indicators
Change from Preceding Month

Note: Data are not seasonally adjusted.

### Business Activity

- **Percent Reporting**
  - Higher: 31.5
  - Lower: 28.2
  - Index: 3.4
- **Percent Reporting**
  - Higher: 27.2
  - Lower: 27.8
  - Index: -0.7
- **Change**: -4.1

### Business Climate

- **Percent Reporting**
  - Favorable: 20.0
  - Unfavorable: 35.5
  - Index: -15.5
- **Percent Reporting**
  - Favorable: 18.5
  - Unfavorable: 31.8
  - Index: -13.2
- **Change**: 2.3

### Number of Employees

- **Percent Reporting**
  - Higher: 22.1
  - Lower: 19.5
  - Index: 2.7
- **Percent Reporting**
  - Higher: 28.1
  - Lower: 18.5
  - Index: 9.6
- **Change**: 6.9

### Wages

- **Percent Reporting**
  - Higher: 32.2
  - Lower: 4.7
  - Index: 27.5
- **Percent Reporting**
  - Higher: 34.5
  - Lower: 2.1
  - Index: 32.4
- **Change**: 4.9

### Prices Paid

- **Percent Reporting**
  - Higher: 40.3
  - Lower: 4.0
  - Index: 36.2
- **Percent Reporting**
  - Higher: 41.1
  - Lower: 2.7
  - Index: 38.4
- **Change**: 2.2

### Prices Received

- **Percent Reporting**
  - Higher: 17.7
  - Lower: 8.8
  - Index: 8.8
- **Percent Reporting**
  - Higher: 17.2
  - Lower: 6.9
  - Index: 10.3
- **Change**: 1.5

### Capital Spending

- **Percent Reporting**
  - Higher: 28.9
  - Lower: 15.4
  - Index: 13.4
- **Percent Reporting**
  - Higher: 28.7
  - Lower: 17.5
  - Index: 11.2
- **Change**: -2.2
Forward-Looking Indicators
Expectations Six Months Ahead

Business Activity

Business Climate

Number of Employees

Wages

Prices Paid

Prices Received

Capital Spending

Note: Data are not seasonally adjusted.