

# Business Leaders Survey

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

Activity in the region's service sector expanded at a robust pace, according to firms responding to the Federal Reserve Bank of New York's November 2017 *Business Leaders Survey*. The survey's headline business activity index climbed thirteen points to 18.9, a multiyear high. The business climate index remained slightly negative at -3.5, a sign that firms, on balance, regarded the business climate as somewhat worse than normal. The employment index fell nine points to 9.3, indicating that employment increased at a slower pace than last month, and the wages index declined eleven points to 25.5, suggesting that wages grew more slowly than in October. Input price increases were little changed, while selling prices rose at a somewhat slower pace. Capital spending advanced moderately. The indexes for future business activity and future business climate rose markedly, suggesting that firms grew more optimistic about future conditions.

## Activity Picks Up Markedly

Business activity in the region's service sector grew strongly in November. The headline business activity index climbed thirteen points to 18.9, a multiyear high. Thirty-nine percent of respondents reported that conditions improved over the month, while 20 percent said that conditions worsened. The business climate index inched up two points to -3.5, signaling that, on balance, firms viewed the business climate as somewhat worse than normal.

## Employment and Wages Increase More Slowly

The employment index fell nine points to 9.3, indicating that employment levels increased, though not as strongly as in October. The wages index retreated eleven points to 25.5, a sign that wage increases were not as strong as they had been in recent months. The prices paid index was little changed at 43.8,

indicating that the pace of input price increases held fairly steady, and the prices received index fell five points to 11.3, suggesting that selling prices rose at a somewhat slower pace. The capital spending index moved up to 13.1.

## Optimism Grows

Optimism about the six-month outlook picked up in November. After trending lower for much of the past year, the index for future business activity reversed course, jumping eighteen points to 34.1. The reading signaled that firms were more optimistic about future conditions than they had been for some time. The index for future business climate also rose markedly, climbing sixteen points to 20.0. The index for future employment suggested that respondents expected employment to increase in the months ahead, and the index for planned capital spending edged up to 20.2. ■

## Business Activity

Diffusion index

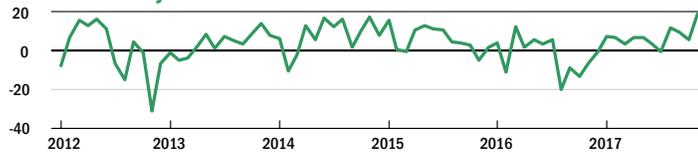


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

# Current Indicators

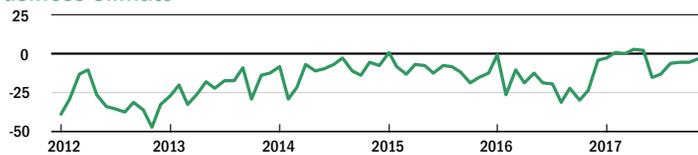
Change from Preceding Month

## Business Activity



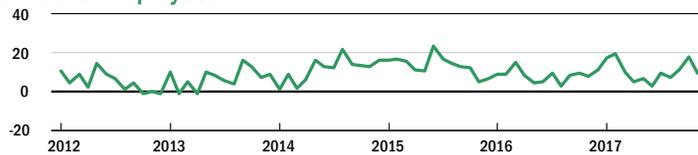
	Percent Reporting		Index
	Higher	Lower	
Oct	33.8	28.0	5.7
Nov	39.1	20.1	18.9
Change			13.2

## Business Climate



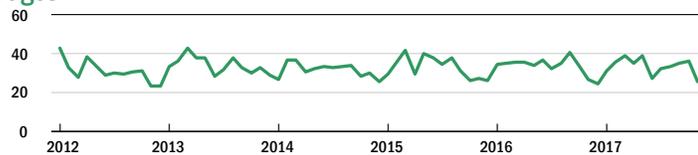
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	21.5	27.2	-5.7
Nov	23.3	26.7	-3.5
Change			2.2

## Number of Employees



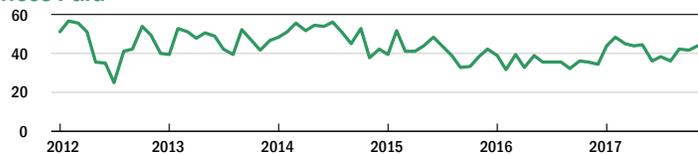
	Percent Reporting		Index
	Higher	Lower	
Oct	29.7	11.6	18.1
Nov	25.3	16.0	9.3
Change			-8.8

## Wages



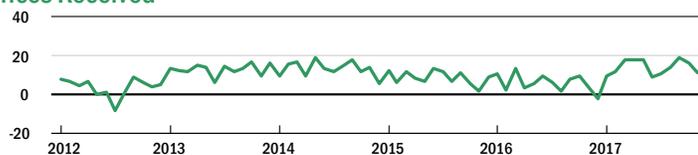
	Percent Reporting		Index
	Higher	Lower	
Oct	36.8	0.7	36.2
Nov	26.7	1.2	25.5
Change			-10.7

## Prices Paid



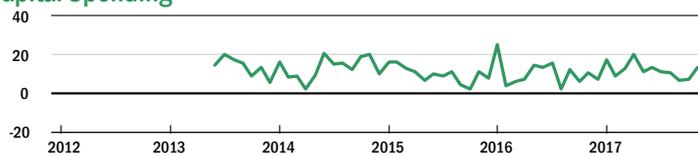
	Percent Reporting		Index
	Higher	Lower	
Oct	43.5	1.9	41.6
Nov	45.7	1.9	43.8
Change			2.2

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	23.2	7.3	15.9
Nov	19.5	8.2	11.3
Change			-4.6

## Capital Spending



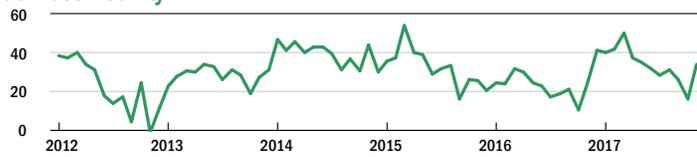
	Percent Reporting		Index
	Higher	Lower	
Oct	24.7	17.5	7.1
Nov	28.1	15.0	13.1
Change			6.0

Note: Data are not seasonally adjusted.

# Forward-Looking Indicators

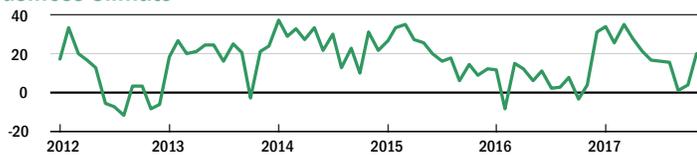
Expectations Six Months Ahead

## Business Activity



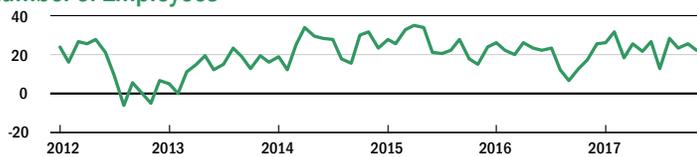
	Percent Reporting		Index
	Higher	Lower	
Oct	34.0	17.9	16.0
Nov	47.6	13.5	34.1
Change			18.1

## Business Climate



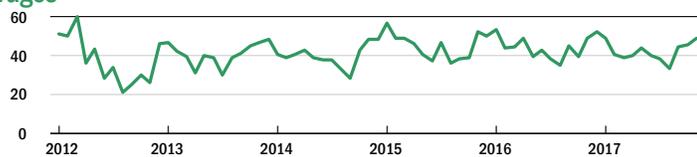
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	22.4	18.6	3.8
Nov	37.1	17.1	20.0
Change			16.2

## Number of Employees



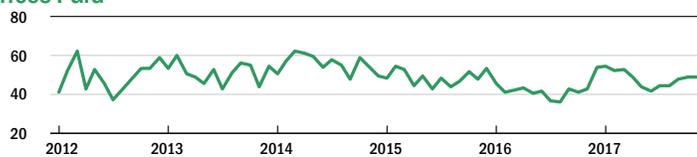
	Percent Reporting		Index
	Higher	Lower	
Oct	39.5	14.0	25.5
Nov	36.7	14.2	22.5
Change			-3.0

## Wages



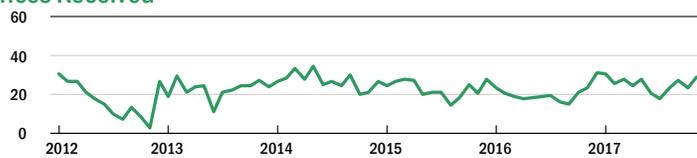
	Percent Reporting		Index
	Higher	Lower	
Oct	47.1	1.3	45.9
Nov	50.3	1.2	49.1
Change			3.2

## Prices Paid



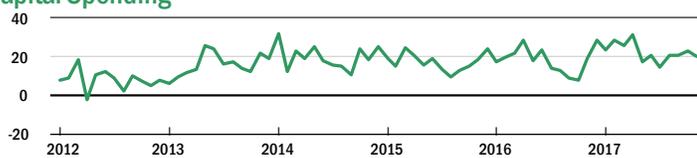
	Percent Reporting		Index
	Higher	Lower	
Oct	51.6	2.5	49.0
Nov	50.9	1.8	49.1
Change			0.1

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	30.8	7.7	23.1
Nov	35.9	7.2	28.7
Change			5.6

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Oct	36.9	14.0	22.9
Nov	32.7	12.5	20.2
Change			-2.7

Note: Data are not seasonally adjusted.