

# Business Leaders Survey

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

Activity in the region's service sector grew modestly, according to firms responding to the Federal Reserve Bank of New York's September 2019 *Business Leaders Survey*. The survey's headline business activity index fell four points to 4.9, pointing to a slower pace of growth than in August. However, the business climate index plunged eighteen points to -15.6, indicating that on balance, firms regarded the business climate as worse than normal. Employment levels rose modestly, and wage increases remained widespread. Input price increases continued to slow, while selling prices increased at about the same pace as last month. Optimism about future conditions deteriorated, with firms expressing pessimism about the future business climate to the worst degree in a decade.

## Modest Growth Continues

Business activity continued to grow in the region's service sector in September, though at a slower pace than last month. The headline business activity index declined four points to 4.9. Twenty-nine percent of respondents reported that conditions improved over the month, and 24 percent said that conditions worsened. The business climate index fell a steep eighteen points to -15.6, its lowest level in more than two years, indicating that, on balance, firms viewed the business climate as worse than normal.

## Input Price Increases Slow Further

The employment index was little changed at 6.7, pointing to ongoing modest gains in employment. The wages index held steady at 39.8, indicating that wages increased at a pace similar to last month. The prices paid index fell for a second consecutive month,

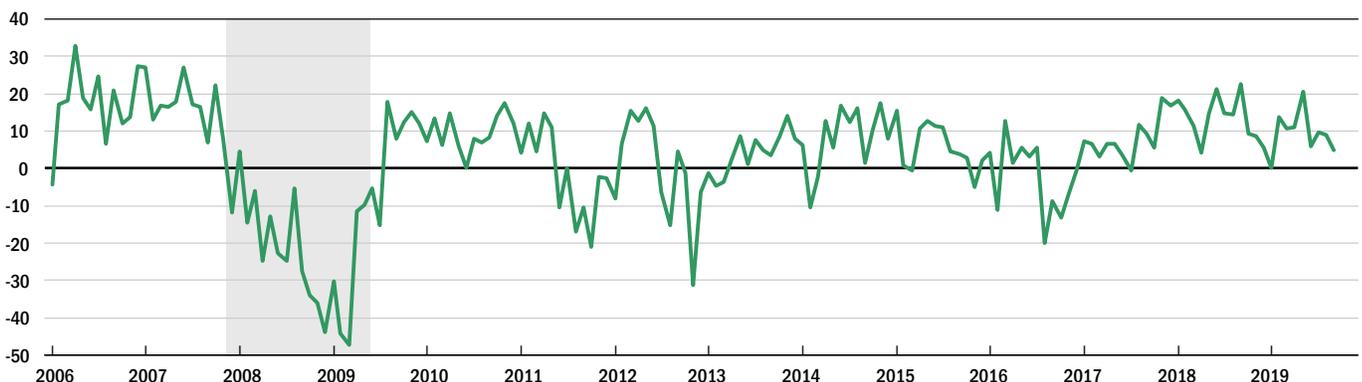
declining three points to 38.9, pointing to an ongoing deceleration in input price increases. The prices received index held steady at 20.0. The capital spending index fell four points to 13.4.

## Outlook for Future Business Climate Grows More Pessimistic

Firms were notably less optimistic about the six-month outlook. The index for future business activity, while still positive, fell thirteen points to 11.7, a three-year low. The index for future business climate declined eleven points to -18.6, its lowest level since 2009, indicating that firms expected the business climate to worsen in the months ahead. The indexes for future wages and future employment both moved lower, and the index for planned capital spending fell four points to 17.3. ■

## Business Activity

Diffusion Index

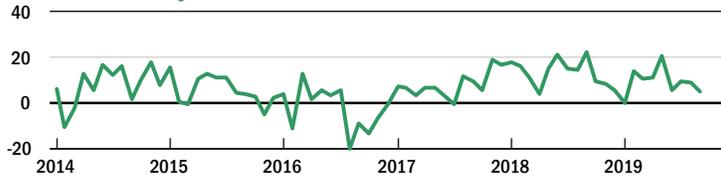


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

# Current Indicators

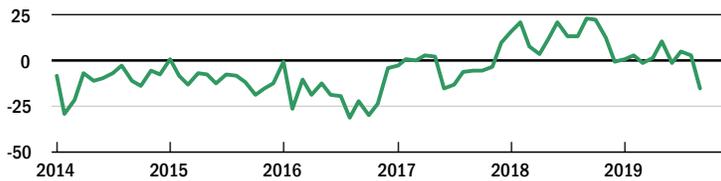
Change from Preceding Month

## Business Activity



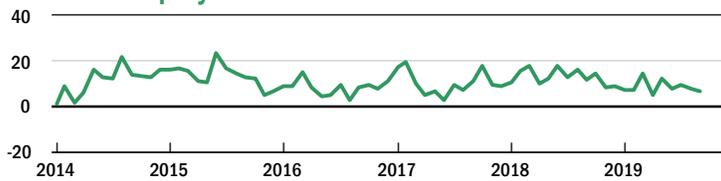
	Percent Reporting		Index
	Higher	Lower	
Aug	34.1	25.0	9.1
Sep	29.1	24.2	4.9
Change			-4.2

## Business Climate



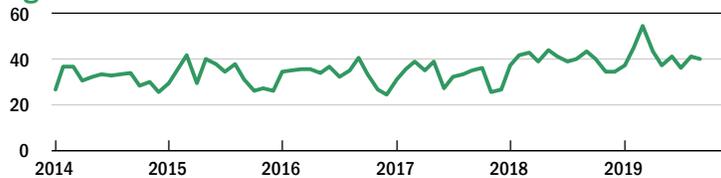
	Percent Reporting		Index
	Favorable	Unfavorable	
Aug	26.4	23.6	2.8
Sep	15.0	30.6	-15.6
Change			-18.4

## Number of Employees



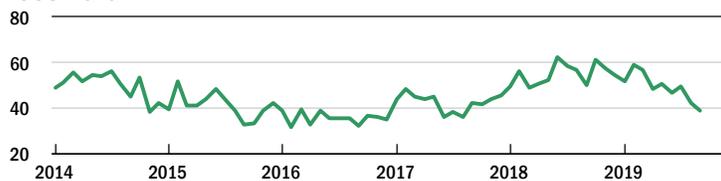
	Percent Reporting		Index
	Higher	Lower	
Aug	25.6	17.6	8.0
Sep	27.8	21.1	6.7
Change			-1.3

## Wages



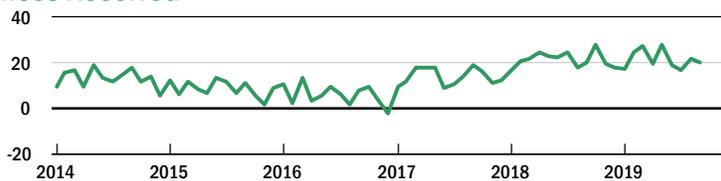
	Percent Reporting		Index
	Higher	Lower	
Aug	43.2	2.3	40.9
Sep	42.0	2.2	39.8
Change			-1.1

## Prices Paid



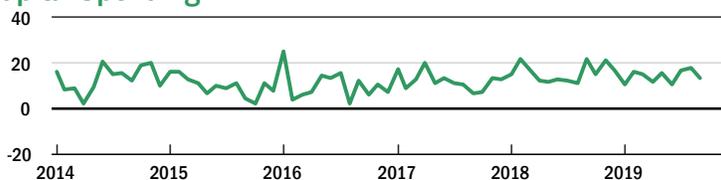
	Percent Reporting		Index
	Higher	Lower	
Aug	47.2	5.1	42.0
Sep	44.4	5.6	38.9
Change			-3.1

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Aug	27.4	5.7	21.7
Sep	24.4	4.4	20.0
Change			-1.7

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Aug	29.9	12.1	17.8
Sep	27.9	14.5	13.4
Change			-4.4

# Forward-Looking Indicators

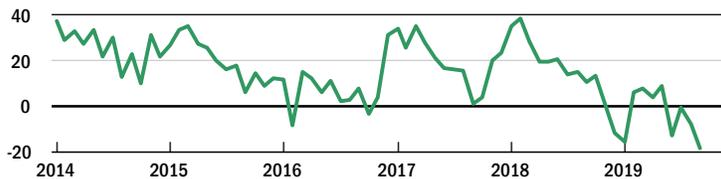
Expectations Six Months Ahead

## Business Activity



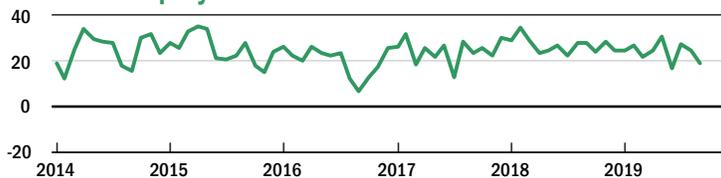
	Percent Reporting		Index
	Higher	Lower	
Aug	43.8	18.8	25.0
Sep	34.4	22.8	11.7
Change			-13.3

## Business Climate



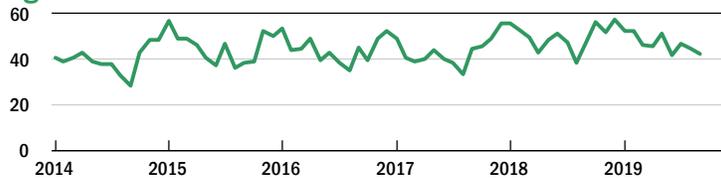
	Percent Reporting		Index
	Favorable	Unfavorable	
Aug	25.6	33.5	-8.0
Sep	18.6	37.2	-18.6
Change			-10.6

## Number of Employees



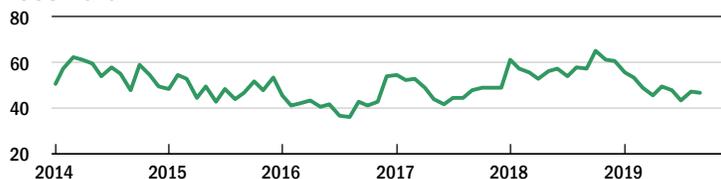
	Percent Reporting		Index
	Higher	Lower	
Aug	38.2	13.9	24.3
Sep	36.5	17.4	19.1
Change			-5.2

## Wages



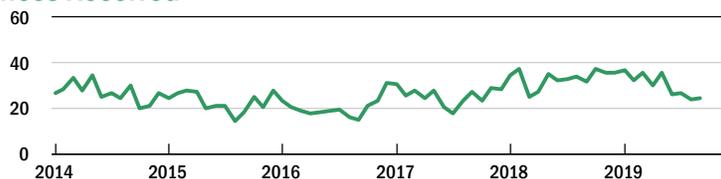
	Percent Reporting		Index
	Higher	Lower	
Aug	45.6	1.2	44.4
Sep	46.1	3.9	42.1
Change			-2.3

## Prices Paid



	Percent Reporting		Index
	Higher	Lower	
Aug	51.4	4.0	47.4
Sep	52.8	6.3	46.6
Change			-0.8

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Aug	32.8	8.6	24.1
Sep	32.6	8.4	24.2
Change			0.1

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Aug	33.3	12.1	21.3
Sep	31.8	14.5	17.3
Change			-4.0