

Business Leaders Survey

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

After declining last month, activity in the region's service sector grew slightly, according to firms responding to the Federal Reserve Bank of New York's November 2019 *Business Leaders Survey*. The survey's headline business activity index climbed seven points to 2.9. The business climate index remained negative for a third consecutive month, indicating that, on balance, firms regarded the business climate as worse than normal. Employment levels held steady, and wages increased at their slowest pace in nearly two years. Input prices and selling prices increased at a slower pace than last month. Optimism about future conditions improved from October, though firms continued to express pessimism about the future business climate.

Conditions Remain Sluggish

Growth in business activity in the region's service sector remained sluggish in November. After dipping below zero last month, the headline business activity index increased seven points to 2.9. Twenty-nine percent of respondents reported that conditions improved over the month, and 26 percent said that conditions worsened. The business climate index increased somewhat, but at -10.5, it indicated that, on balance, firms viewed the business climate as worse than normal.

Employment Flat

The employment index was little changed at 1.2, suggesting that employment levels were steady. The wages index moved down seven points to 31.7, its lowest level in nearly two

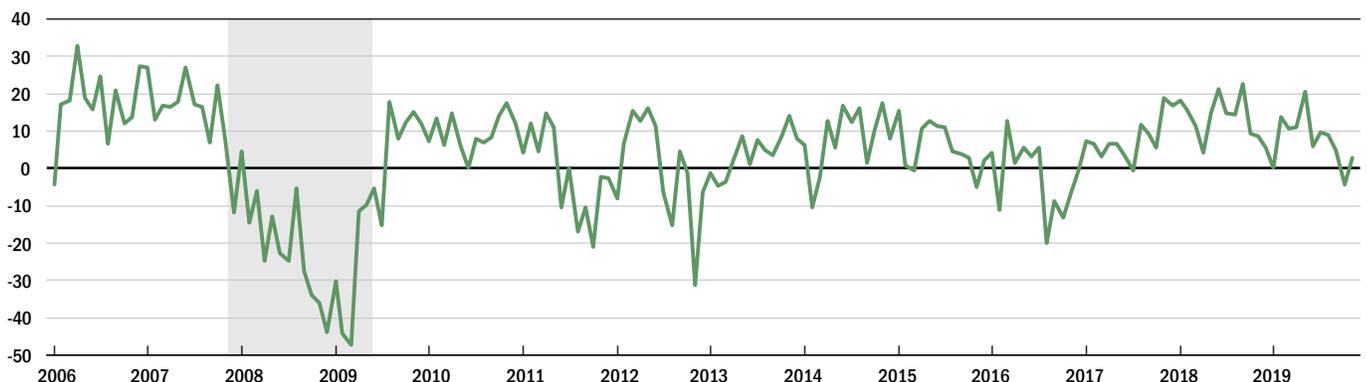
years, pointing to a slowing in wage growth. The prices paid index fell ten points to 32.9, its lowest level in more than three years, signaling a slowing in input price increases. The prices received index edged down two points to 16.1. The capital spending index came in at 12.0.

Optimism Subdued

Optimism about the six-month outlook remained subdued. After hitting a multiyear low last month, the index for future business activity rose but remained at a relatively low level of 12.9. The index for future business climate held well below zero, indicating that firms continued to expect the business climate to worsen in the months ahead. The index for planned capital spending fell seven points to 11.3. ■

Business Activity

Diffusion Index

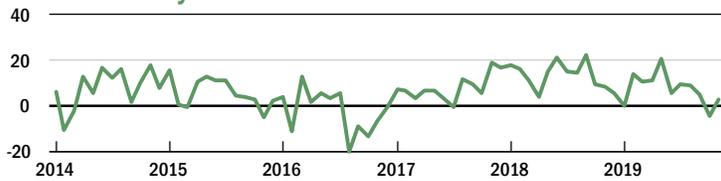


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

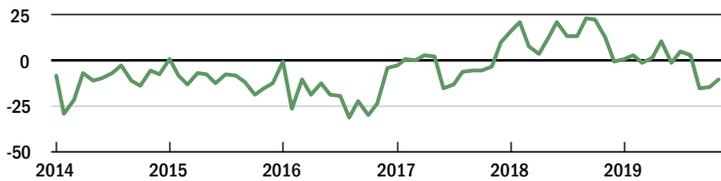
Change from Preceding Month

Business Activity



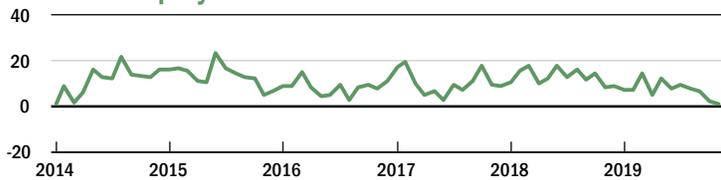
	Percent Reporting		Index
	Higher	Lower	
Oct	24.2	28.5	-4.3
Nov	28.5	25.6	2.9
Change			7.2

Business Climate



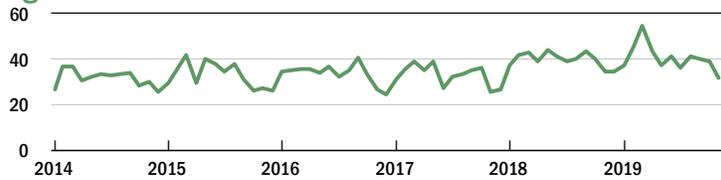
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	18.5	33.3	-14.8
Nov	16.4	26.9	-10.5
Change			4.3

Number of Employees



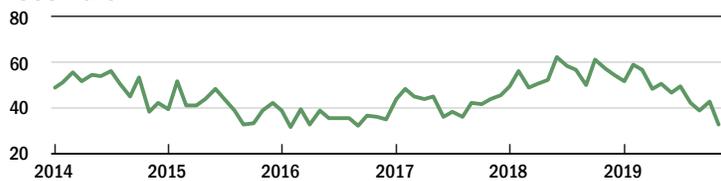
	Percent Reporting		Index
	Higher	Lower	
Oct	23.7	21.5	2.2
Nov	22.6	21.4	1.2
Change			-1.0

Wages



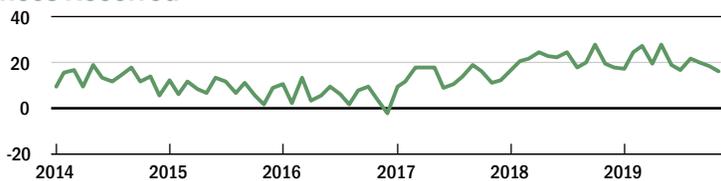
	Percent Reporting		Index
	Higher	Lower	
Oct	40.9	2.2	38.7
Nov	34.1	2.4	31.7
Change			-7.0

Prices Paid



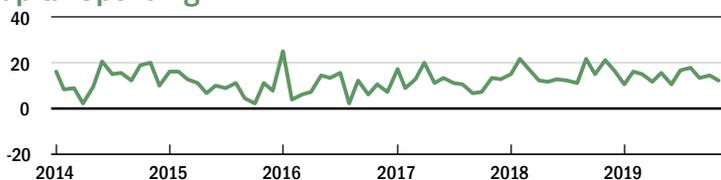
	Percent Reporting		Index
	Higher	Lower	
Oct	48.9	5.9	43.0
Nov	40.1	7.2	32.9
Change			-10.1

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	27.4	9.1	18.3
Nov	25.6	9.5	16.1
Change			-2.2

Capital Spending

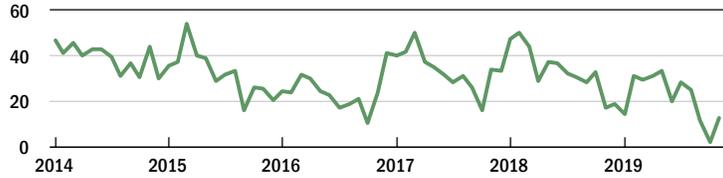


	Percent Reporting		Index
	Higher	Lower	
Oct	28.0	13.4	14.5
Nov	27.1	15.1	12.0
Change			-2.5

Forward-Looking Indicators

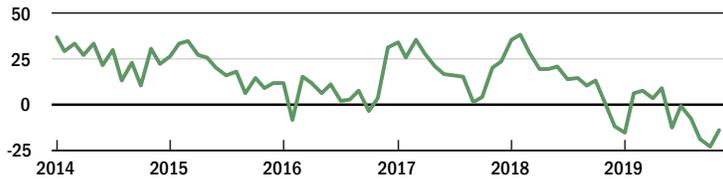
Expectations Six Months Ahead

Business Activity



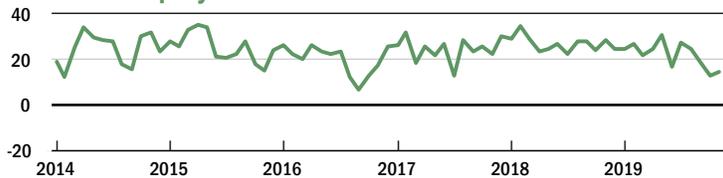
	Percent Reporting		Index
	Higher	Lower	
Oct	30.1	28.0	2.2
Nov	35.7	22.8	12.9
Change			10.7

Business Climate



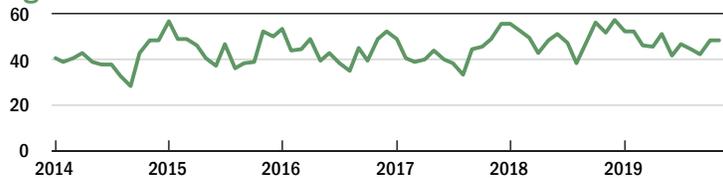
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	15.9	38.6	-22.8
Nov	17.0	31.0	-14.0
Change			8.8

Number of Employees



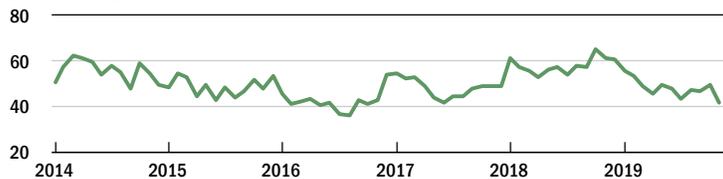
	Percent Reporting		Index
	Higher	Lower	
Oct	30.1	17.2	12.9
Nov	32.9	18.2	14.7
Change			1.8

Wages



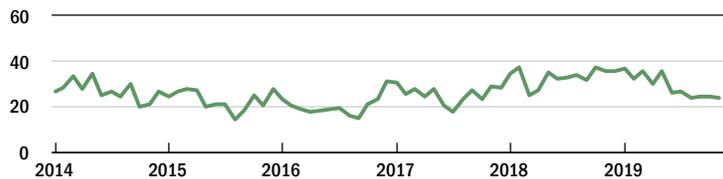
	Percent Reporting		Index
	Higher	Lower	
Oct	50.0	1.6	48.4
Nov	52.4	4.2	48.2
Change			-0.2

Prices Paid



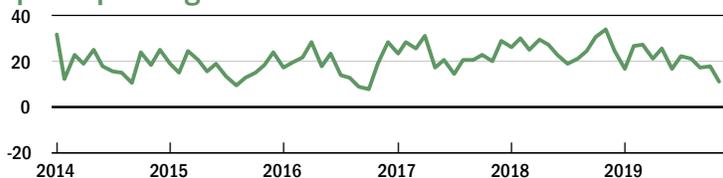
	Percent Reporting		Index
	Higher	Lower	
Oct	53.4	4.2	49.2
Nov	48.8	7.1	41.8
Change			-7.4

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	35.6	11.2	24.5
Nov	34.5	10.7	23.8
Change			-0.7

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Oct	33.5	15.4	18.1
Nov	33.3	22.0	11.3
Change			-6.8