

Business Leaders Survey

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

Note: Survey responses were collected between October 2 and October 9.

Activity in the region's service sector declined slightly, according to firms responding to the Federal Reserve Bank of New York's October 2020 *Business Leaders Survey*. The survey's headline business activity index held steady but remained negative at -4.9. The business climate index was little changed at -65.9, indicating that the vast majority of firms continued to view the business climate as worse than normal. Employment levels edged lower, and wages moved somewhat higher. Input prices increased at the same pace as last month, while selling prices held steady. Capital spending fell for a seventh consecutive month. Looking ahead, firms expected little improvement in business conditions, on net, over the next six months.

Firms Report Little Change in Activity

Business activity in the region's service sector continued to decline slightly in October. At -4.9, the headline business activity index was similar to last month's reading. Twenty-eight percent of respondents reported that conditions improved over the month, and 33 percent said that conditions worsened. The business climate index held steady at -65.9, with 76 percent of respondents viewing the business climate as worse than normal.

Employment Remains Stalled

Like last month, employment levels fell slightly, with the employment index coming in at -6.7. The wages index was essentially unchanged at 7.6, its third consecutive positive reading, signaling another small increase in wages. The

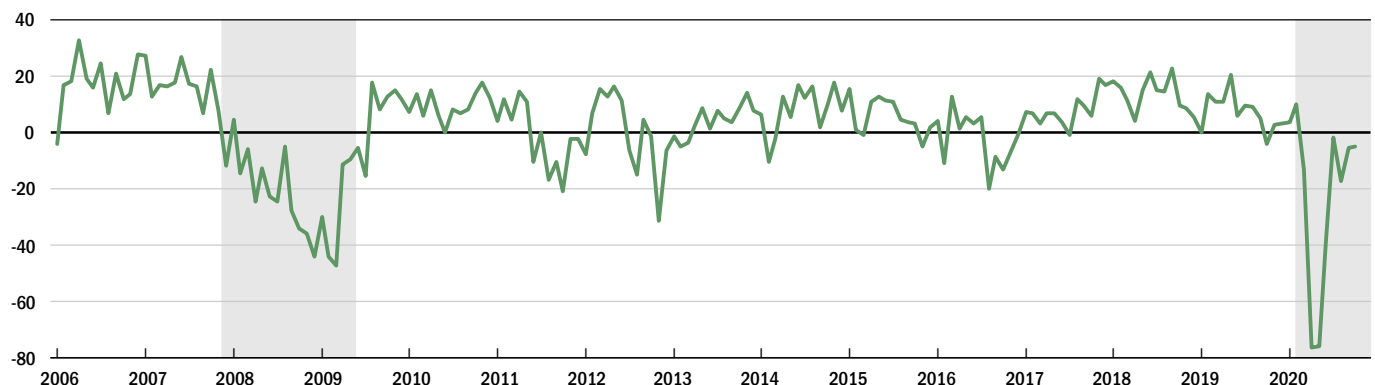
prices paid index held steady at 30.4, indicating that input prices increased at the same pace as last month, while the prices received index held at around zero, a sign that selling prices were little changed. The capital spending index was -20.7, suggesting ongoing significant declines in capital spending.

Firms Still Not Expecting Much Improvement

The index for future business activity moved down six points to 1.3, and the future business climate index remained negative at -16.0, suggesting that firms do not expect conditions to improve in the months ahead. Employment levels are expected to edge slightly higher six months from now, and wages are expected to increase. ■

Business Activity

Diffusion Index

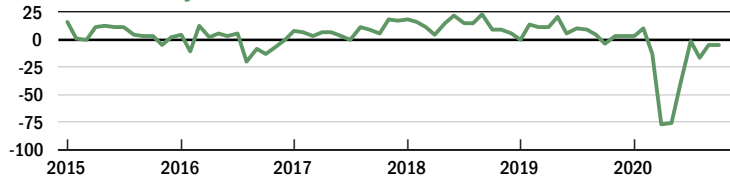


Note: The shaded areas indicate a period designated a recession by the National Bureau of Economic Research.

Current Indicators

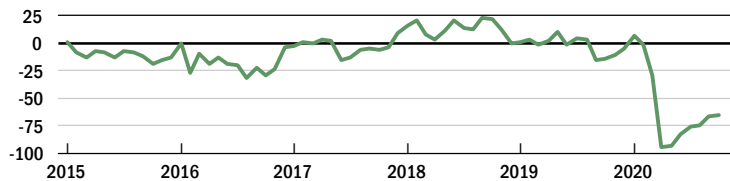
Change from Preceding Month

Business Activity



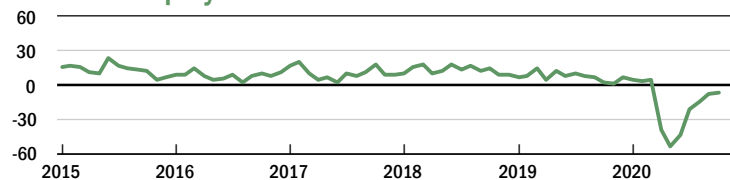
	Percent Reporting		Index
	Higher	Lower	
Sep	29.8	35.1	-5.4
Oct	27.9	32.7	-4.9
Change			0.5

Business Climate



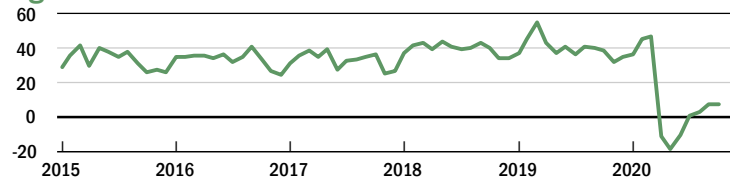
	Percent Reporting		Index
	Favorable	Unfavorable	
Sep	9.7	76.2	-66.5
Oct	9.7	75.7	-65.9
Change			0.6

Number of Employees



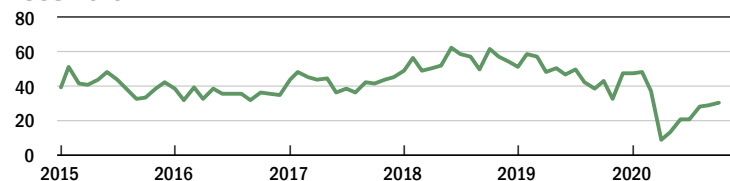
	Percent Reporting		Index
	Higher	Lower	
Sep	19.6	27.5	-7.8
Oct	18.3	25.0	-6.7
Change			1.1

Wages



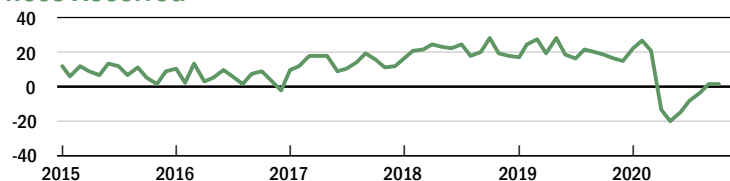
	Percent Reporting		Index
	Higher	Lower	
Sep	20.2	12.8	7.4
Oct	17.9	10.3	7.6
Change			0.2

Prices Paid



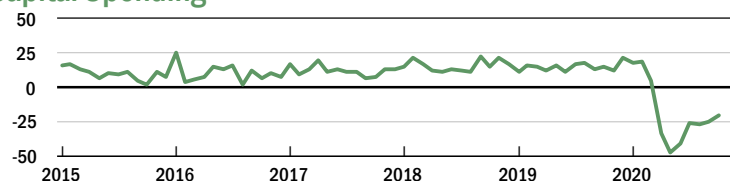
	Percent Reporting		Index
	Higher	Lower	
Sep	36.0	7.4	28.6
Oct	36.6	6.3	30.4
Change			1.8

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Sep	15.9	14.4	1.5
Oct	14.5	13.1	1.4
Change			-0.1

Capital Spending

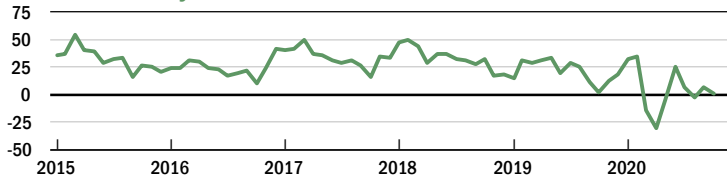


	Percent Reporting		Index
	Higher	Lower	
Sep	16.0	41.0	-25.0
Oct	13.4	34.1	-20.7
Change			4.3

Forward-Looking Indicators

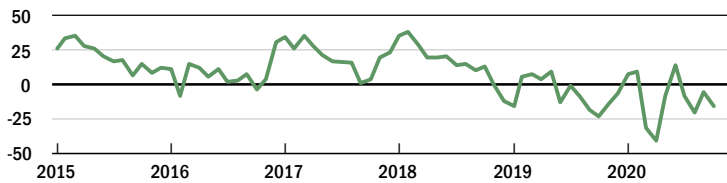
Expectations Six Months Ahead

Business Activity



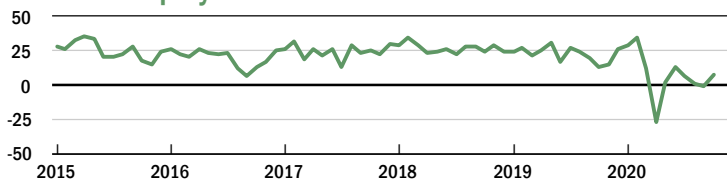
	Percent Reporting		Index
	Higher	Lower	
Sep	36.4	29.6	6.8
Oct	31.4	30.0	1.3
Change			-5.5

Business Climate



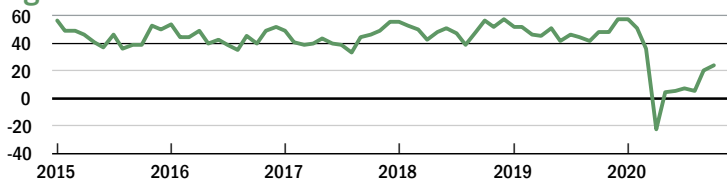
	Percent Reporting		Index
	Favorable	Unfavorable	
Sep	30.5	36.0	-5.4
Oct	24.4	40.4	-16.0
Change			-10.6

Number of Employees



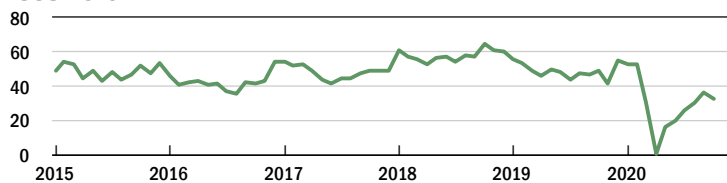
	Percent Reporting		Index
	Higher	Lower	
Sep	25.9	26.4	-0.5
Oct	29.2	21.5	7.8
Change			8.3

Wages



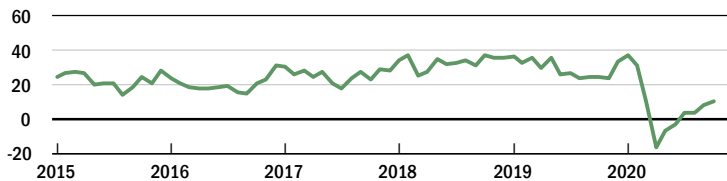
	Percent Reporting		Index
	Higher	Lower	
Sep	26.8	6.1	20.7
Oct	32.7	8.8	24.0
Change			3.3

Prices Paid



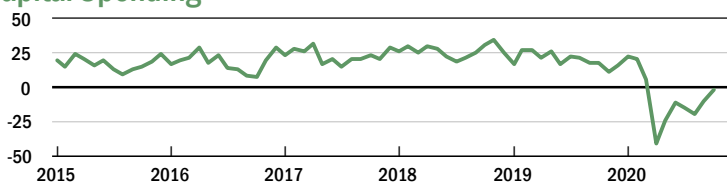
	Percent Reporting		Index
	Higher	Lower	
Sep	39.2	3.0	36.2
Oct	38.5	6.0	32.6
Change			-3.6

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Sep	21.5	13.5	8.0
Oct	26.6	15.9	10.7
Change			2.7

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Sep	21.9	31.8	-10.0
Oct	25.7	27.5	-1.8
Change			8.2