

Business Leaders Survey

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

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

Activity in the region's service sector declined at a faster pace than in recent months, according to firms responding to the Federal Reserve Bank of New York's November 2020 *Business Leaders Survey*. The survey's headline business activity index fell eleven points to -15.8, its lowest level since August. The business climate index was little changed at -63.1, indicating that the vast majority of firms continued to view the business climate as worse than normal. Employment levels were little changed, and wages increased. Input prices increased at about the same pace as last month, while selling prices held steady. Capital spending fell for an eighth consecutive month. Looking ahead, firms did not expect business conditions to improve, on net, over the next six months.

Decline Accelerates

Business activity in the region's service sector declined for a ninth consecutive month. The headline business activity index fell eleven points to -15.8, its lowest level since August. Twenty-four percent of respondents reported that conditions improved over the month, and 39 percent said that conditions worsened. The business climate index was similar to last month's reading, at -63.1, with 73 percent of respondents viewing the business climate as worse than normal.

Employment Inches Lower as Wages Pick Up

The employment index edged up three points to -3.6, its negative reading indicating that employment levels declined slightly, though the index reached its highest level since March. The wages index climbed ten points to 17.3, its highest level

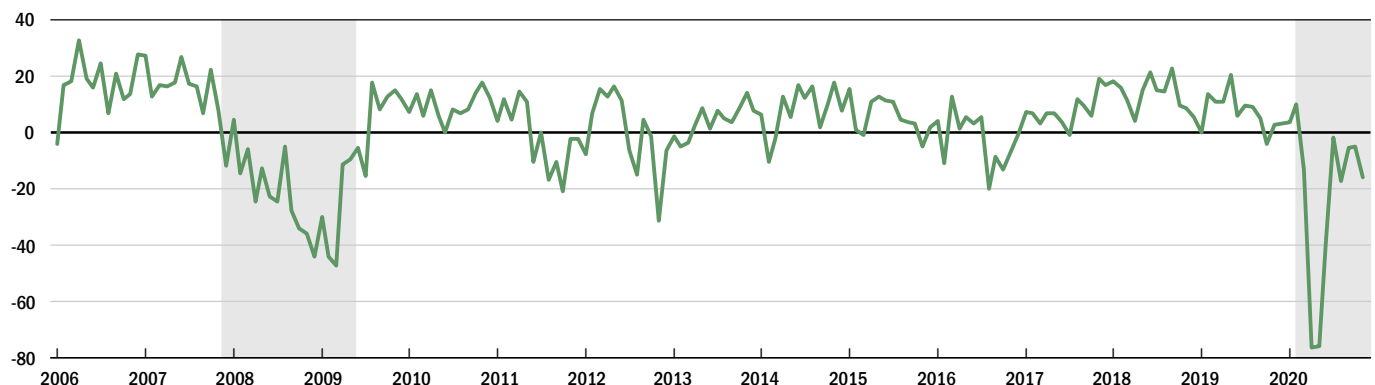
since the pandemic began, pointing to a noticeable increase in wages. The prices paid index held steady at 32.0, indicating that input prices increased at about the same pace as last month, while the prices received index held at around zero, a sign that selling prices were little changed. The capital spending index came in at -18.6, suggesting ongoing significant declines in capital spending.

Firms Not Expecting Improvement

The index for future business activity held at a level of around zero, and the future business climate index remained negative at -13.0, suggesting that firms still do not expect conditions to improve in the months ahead. Employment levels are expected to be about the same six months from now, on net, though wages are expected to increase. ■

Business Activity

Diffusion Index

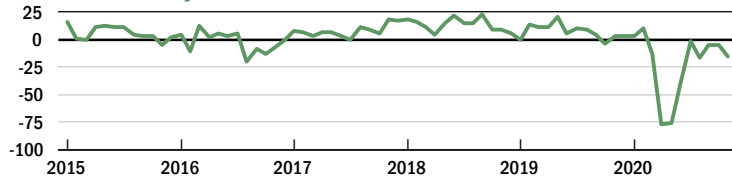


Note: The shaded areas indicate a period designated a recession by the National Bureau of Economic Research.

Current Indicators

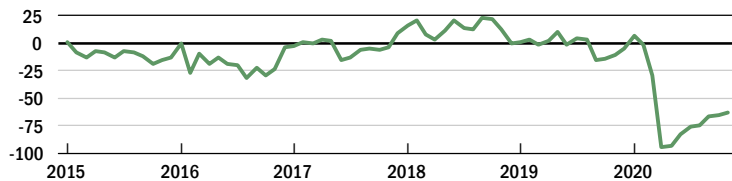
Change from Preceding Month

Business Activity



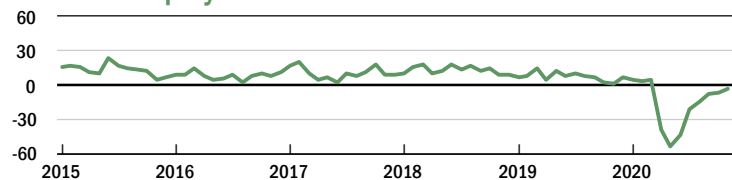
	Percent Reporting		Index
	Higher	Lower	
Oct	27.9	32.7	-4.9
Nov	23.5	39.4	-15.8
Change			-10.9

Business Climate



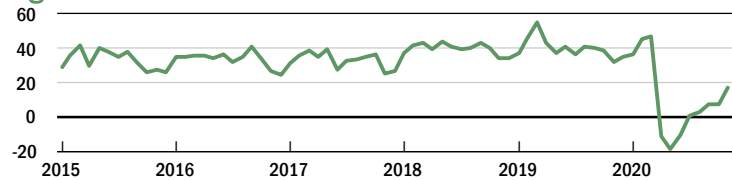
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	9.7	75.7	-65.9
Nov	9.9	73.0	-63.1
Change			2.8

Number of Employees



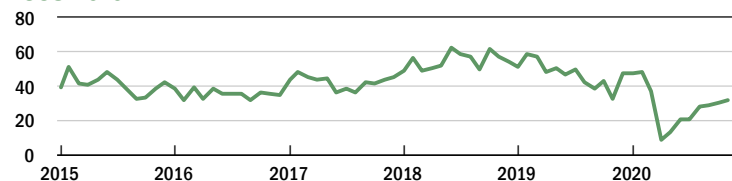
	Percent Reporting		Index
	Higher	Lower	
Oct	18.3	25.0	-6.7
Nov	18.0	21.6	-3.6
Change			3.1

Wages



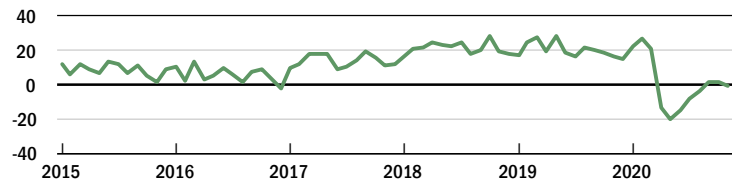
	Percent Reporting		Index
	Higher	Lower	
Oct	17.9	10.3	7.6
Nov	24.1	6.8	17.3
Change			9.7

Prices Paid



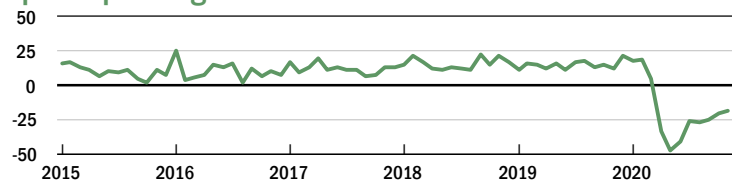
	Percent Reporting		Index
	Higher	Lower	
Oct	36.6	6.3	30.4
Nov	37.4	5.4	32.0
Change			1.6

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	14.5	13.1	1.4
Nov	15.3	15.8	-0.5
Change			-1.9

Capital Spending

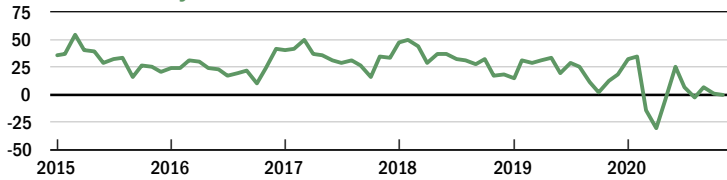


	Percent Reporting		Index
	Higher	Lower	
Oct	13.4	34.1	-20.7
Nov	14.5	33.0	-18.6
Change			2.1

Forward-Looking Indicators

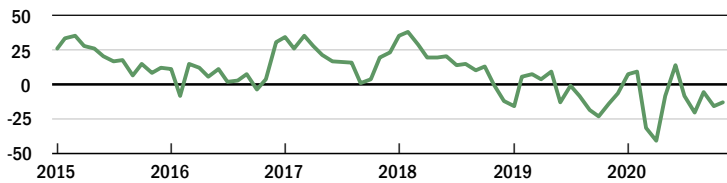
Expectations Six Months Ahead

Business Activity



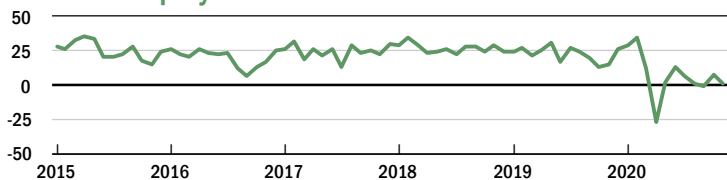
	Percent Reporting		Index
	Higher	Lower	
Oct	31.4	30.0	1.3
Nov	34.1	34.5	-0.4
Change			-1.7

Business Climate



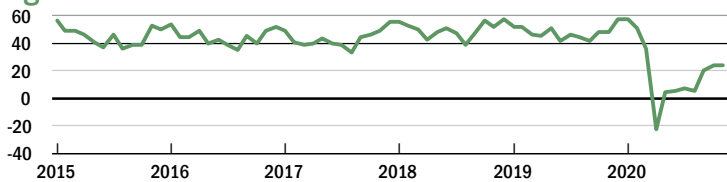
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	24.4	40.4	-16.0
Nov	27.4	40.4	-13.0
Change			3.0

Number of Employees



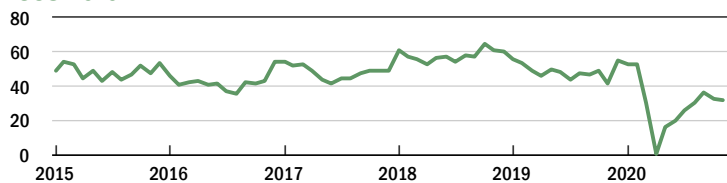
	Percent Reporting		Index
	Higher	Lower	
Oct	29.2	21.5	7.8
Nov	24.9	23.5	1.4
Change			-6.4

Wages



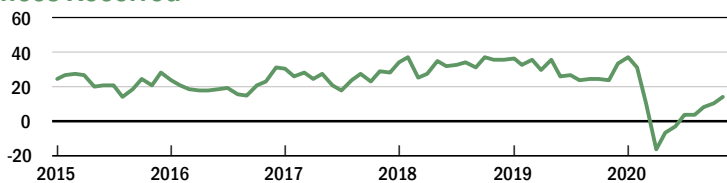
	Percent Reporting		Index
	Higher	Lower	
Oct	32.7	8.8	24.0
Nov	31.6	7.4	24.2
Change			0.2

Prices Paid



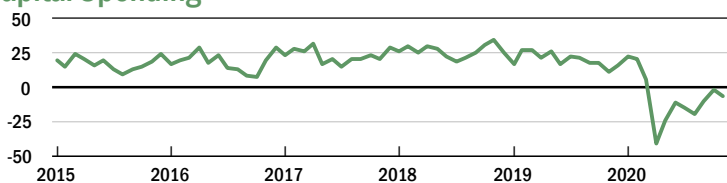
	Percent Reporting		Index
	Higher	Lower	
Oct	38.5	6.0	32.6
Nov	38.1	6.0	32.1
Change			-0.5

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	26.6	15.9	10.7
Nov	27.9	14.0	14.0
Change			3.3

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Oct	25.7	27.5	-1.8
Nov	20.8	27.3	-6.5
Change			-4.7