

Business Leaders Survey

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

Note: Survey responses were collected between November 3 and November 10.

Business activity continued to decline significantly in the region's service sector in November, according to firms responding to the Federal Reserve Bank of New York's *Business Leaders Survey*. The survey's headline business activity index was little changed at -21.7. The business climate index held steady at -42.2, suggesting the business climate remained worse than normal. Employment declined for a third consecutive month, and wage growth remained modest. Supply availability continued to worsen somewhat. Both input price increases and selling price increases slowed. Looking forward, on the whole, firms expected little improvement in conditions in the months ahead.

Activity Continues to Decline

Business activity continued to fall substantially in the New York-Northern New Jersey region, according to the November survey. The headline business activity index was little changed at -21.7. Twenty-two percent of respondents

ECONOMIST COMMENTARY

"Business activity continued to decline substantially in the New York-Northern New Jersey region's service sector in November. The employment index remained negative and fell to a multiyear low. Firms do not expect conditions to improve much in the months ahead."

~Richard Deitz, Economic Research Advisor at the New York Fed

reported that conditions improved over the month while 43 percent said that conditions worsened. The business climate index remained negative at -42.2, with 55 percent reporting an unfavorable business climate.

Employment Moves Lower

The employment index fell three points to -8.6, its third consecutive negative reading and a multiyear low, suggesting employment continued to decline. The wages index held steady at 25.4, indicating that wage growth remained modest. The prices paid index moved down five points to 61.9, and the prices received index dropped six points to 20.1, its lowest level since January, pointing to a slowing in

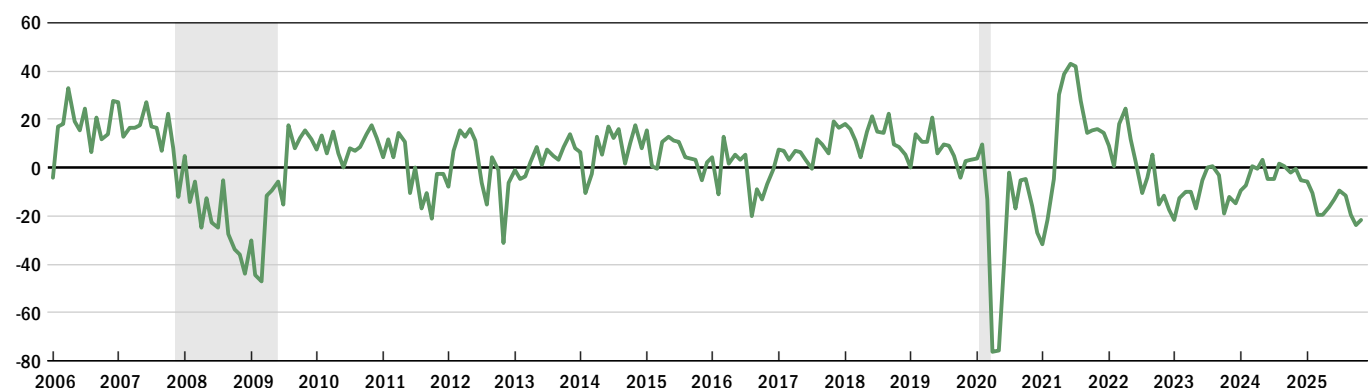
both input and selling price increases. The supply availability index remained negative at -11.1, indicating that supply availability continued to worsen.

Firms Still Not Expecting Much Improvement

The index for future business activity remained slightly negative at -4.6, suggesting firms continued to be somewhat pessimistic about the outlook, with just over a third expecting activity to be lower in six months. The indexes for future prices paid and future prices received both remained elevated. Firms expect little employment growth in the months ahead, and capital spending plans remained soft. ■

Business Activity

Diffusion Index

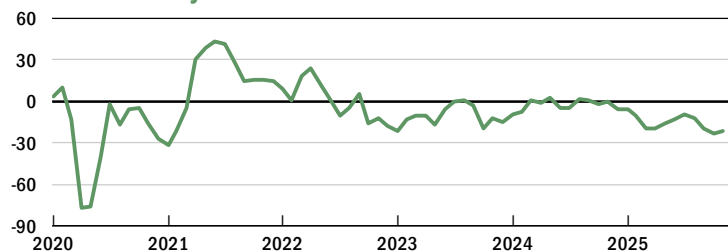


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

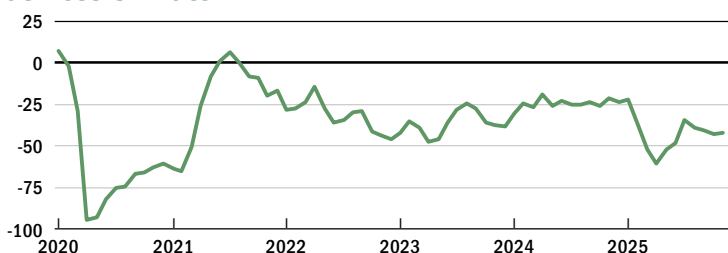
Change from Preceding Month

Business Activity



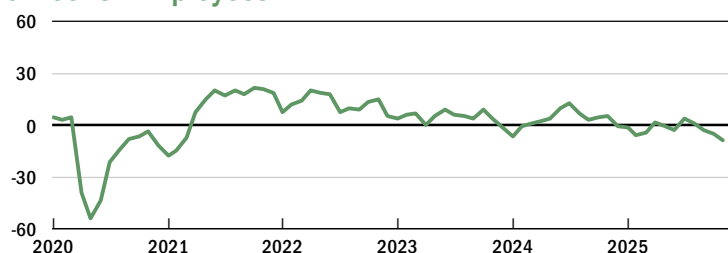
	Percent Reporting		Index
	Higher	Lower	
Oct	17.5	41.0	-23.6
Nov	21.7	43.4	-21.7
Change			1.9

Business Climate



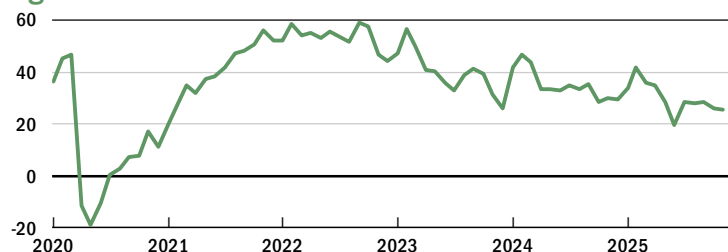
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	9.9	52.8	-42.9
Nov	13.1	55.3	-42.2
Change			0.7

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Oct	15.1	20.3	-5.2
Nov	13.2	21.8	-8.6
Change			-3.4

Wages

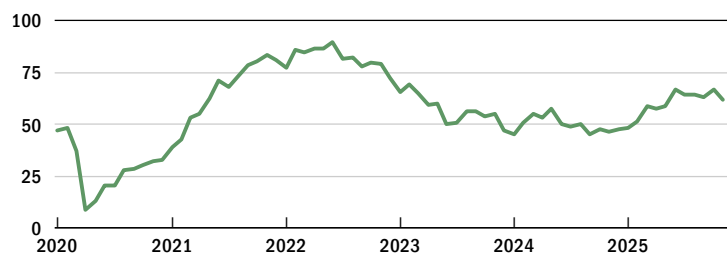


	Percent Reporting		Index
	Higher	Lower	
Oct	29.7	3.8	25.9
Nov	28.9	3.6	25.4
Change			-0.5

Current Indicators, *continued*

Change from Preceding Month

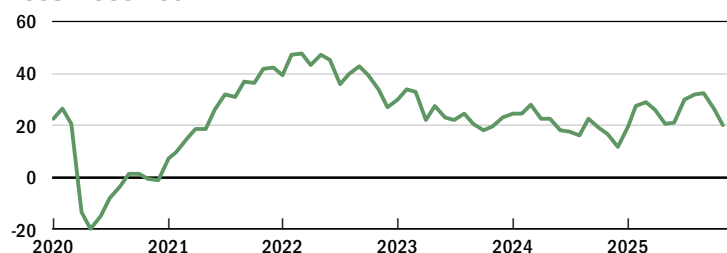
Prices Paid



Percent Reporting

	Higher	Lower	Index
Oct	67.8	1.4	66.4
Nov	64.5	2.5	61.9
Change			-4.5

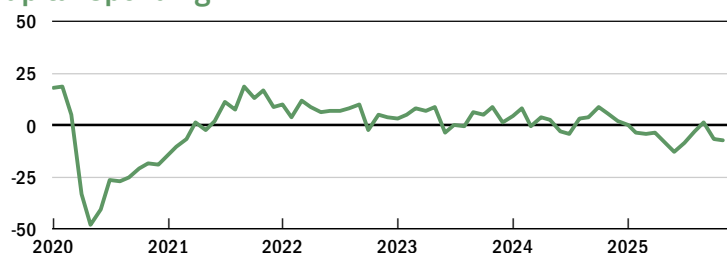
Prices Received



Percent Reporting

	Higher	Lower	Index
Oct	32.2	5.8	26.4
Nov	28.9	8.8	20.1
Change			-6.3

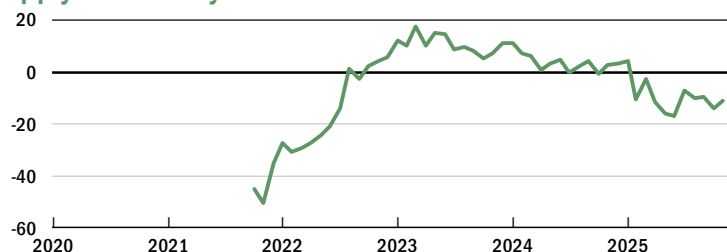
Capital Spending



Percent Reporting

	Higher	Lower	Index
Oct	17.2	23.9	-6.7
Nov	16.3	23.5	-7.1
Change			-0.4

Supply Availability



Percent Reporting

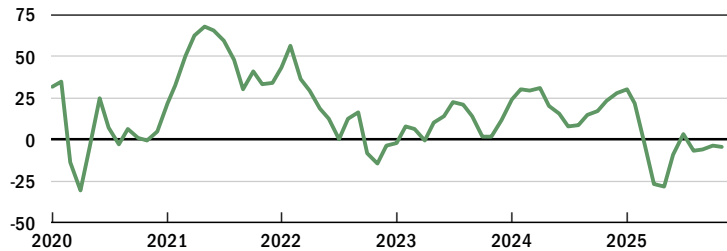
	Higher	Lower	Index
Oct	6.7	20.5	-13.8
Nov	10.1	21.1	-11.1
Change			2.7

Note: The current supply availability index was added to the report in June 2024 and included a history of data points going back to 2021.

Forward-Looking Indicators

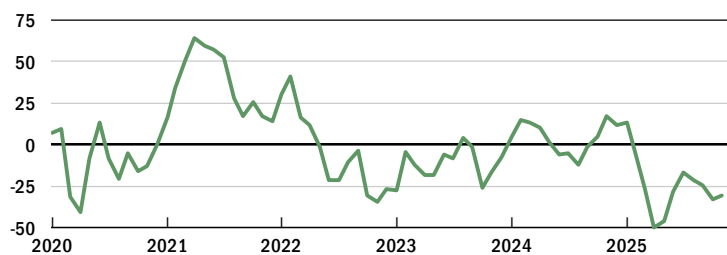
Expectations Six Months Ahead

Business Activity



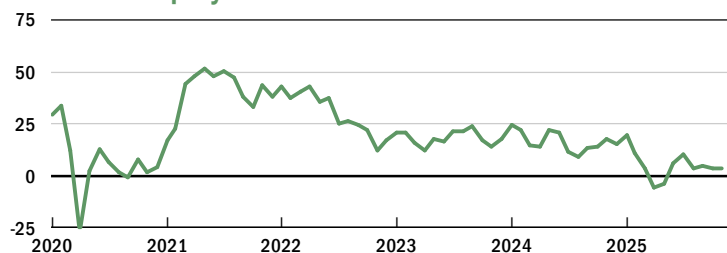
	Percent Reporting		Index
	Higher	Lower	
Oct	28.8	32.2	-3.4
Nov	29.9	34.5	-4.6
Change			-1.2

Business Climate



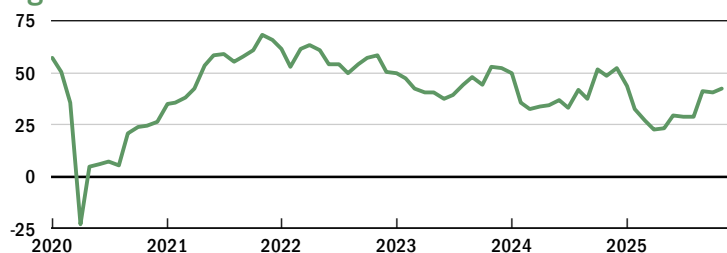
	Percent Reporting		Index
	Better	Worse	
Oct	17.9	50.5	-32.5
Nov	16.6	47.2	-30.7
Change			1.8

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Oct	23.9	20.6	3.3
Nov	22.9	19.3	3.6
Change			0.3

Wages

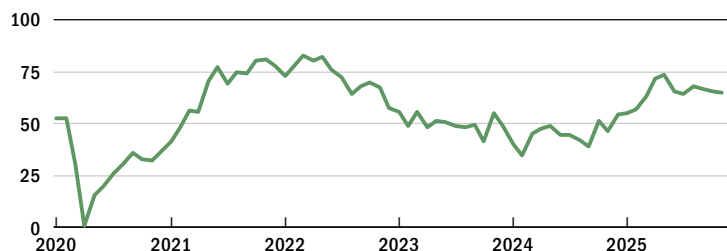


	Percent Reporting		Index
	Higher	Lower	
Oct	44.0	3.8	40.2
Nov	46.4	4.2	42.2
Change			2.0

Forward-Looking Indicators, *continued*

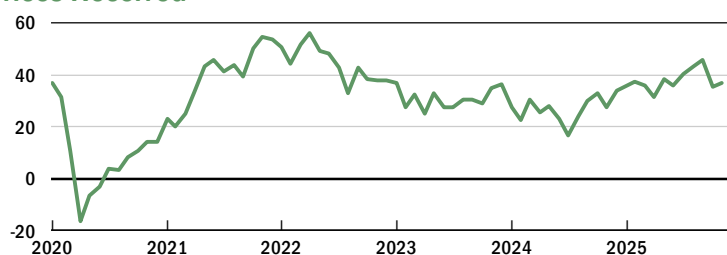
Expectations Six Months Ahead

Prices Paid



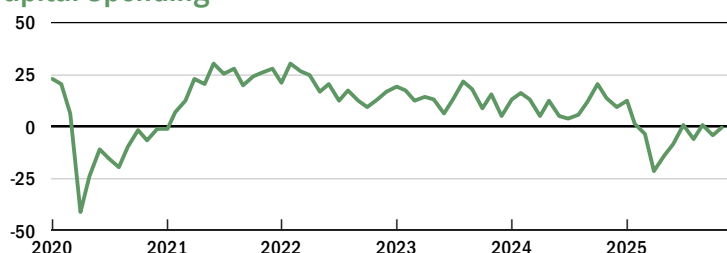
	Percent Reporting		Index
	Higher	Lower	
Oct	66.3	1.0	65.4
Nov	68.1	3.1	64.9
Change			-0.5

Prices Received



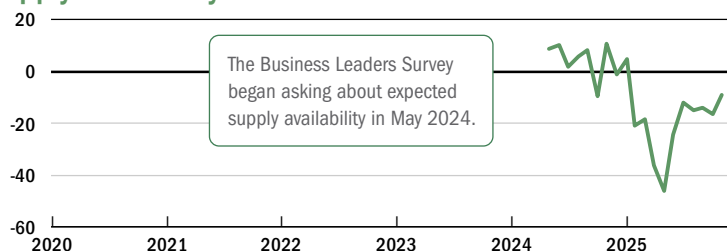
	Percent Reporting		Index
	Higher	Lower	
Oct	42.2	6.9	35.3
Nov	45.0	8.4	36.6
Change			1.3

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Oct	20.4	24.8	-4.4
Nov	24.1	24.6	-0.5
Change			3.9

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Oct	8.6	25.2	-16.7
Nov	10.6	19.6	-9.0
Change			7.7

Note: The expected supply availability index was added to the report in June 2024 and included one additional data point from May 2024.