

Business Leaders Survey

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

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

Business activity continued to decline modestly in the region's service sector in June, according to firms responding to the Federal Reserve Bank of New York's *Business Leaders Survey*. The survey's headline business activity index fell four points to -10.1. The business climate index rose ten points to -37.3, suggesting the business climate was still worse than normal, but less so than last month. Employment rose at the fastest pace in nearly two years, and wage growth picked up. Supply availability continued to worsen, and the pace of input price increases and selling price increases remained elevated. Looking ahead, firms were not very optimistic about the outlook for the next six months.

Activity Declines Modestly

Business activity continued to decline in the New York-Northern New Jersey region, according to the June survey. The headline business activity index fell four points to -10.1. Twenty-seven percent of respondents reported that conditions improved over the month while 37 percent

ECONOMIST COMMENTARY

Business activity in the region's service sector continued to decline in June, but employment picked up notably. Firms expect only modest growth in the coming months.

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

said that conditions worsened. The business climate index remained deeply negative, but moved up ten points to -37.3, with 15 percent of respondents reporting a favorable business climate and 53 percent reporting an unfavorable climate.

Employment Growth Picks Up

The employment index jumped nine points to 11.2, its highest level in nearly two years, suggesting employment levels rose notably. The wages index rose ten points to 36.0, indicating that wage growth picked up. The prices paid index held steady at 72.6, signaling that input prices continued to increase sharply, and the prices received index was little changed at 31.3, a sign

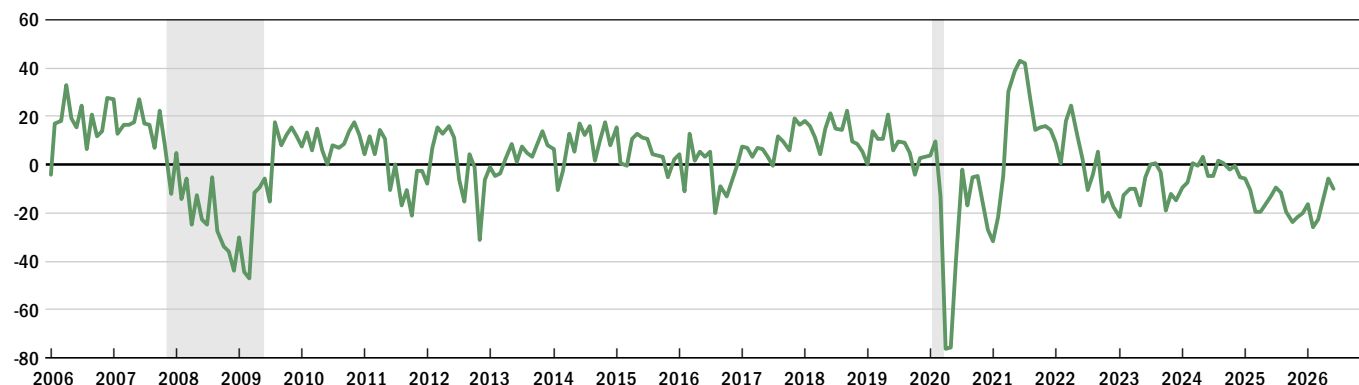
that selling price increases also remained elevated. The supply availability index rose five points to -10.6, indicating that supply availability continued to worsen, though less so than last month.

Firms Not Very Optimistic

The index for future business activity was little changed at 8.3, suggesting that firms expect only modest growth in activity over the next six months. Employment is expected to move higher in the months ahead. Firms' expectations for future input price increases declined notably. Supply availability is expected to continue to worsen, and capital spending plans remained soft. ■

Business Activity

Diffusion Index

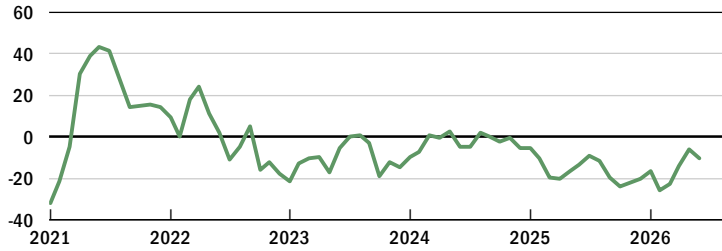


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

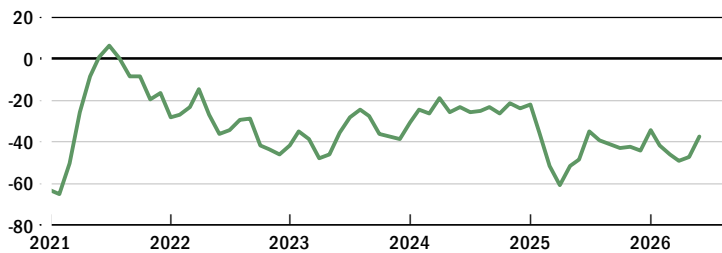
Change from Preceding Month

Business Activity



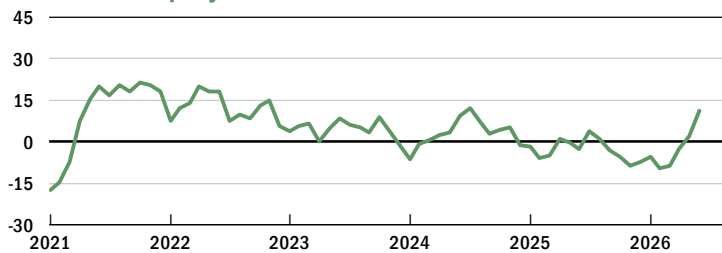
	Percent Reporting		Index
	Higher	Lower	
May	28.5	34.3	-5.8
Jun	26.7	36.9	-10.1
Change			-4.3

Business Climate



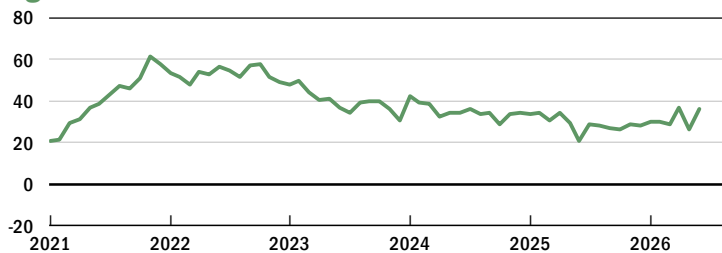
	Percent Reporting		Index
	Favorable	Unfavorable	
May	9.2	56.0	-46.9
Jun	15.2	52.5	-37.3
Change			9.6

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
May	19.3	17.4	1.9
Jun	22.3	11.2	11.2
Change			9.3

Wages



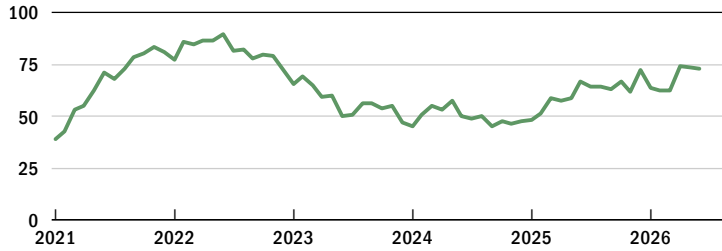
	Percent Reporting		Index
	Higher	Lower	
May	29.9	3.4	26.5
Jun	37.9	1.9	36.0
Change			9.5

Note: The current wages index is seasonally adjusted.

Current Indicators, *continued*

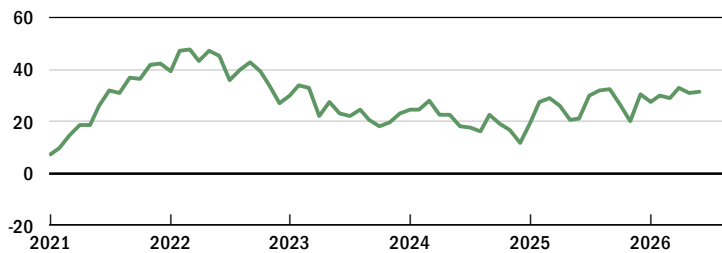
Change from Preceding Month

Prices Paid



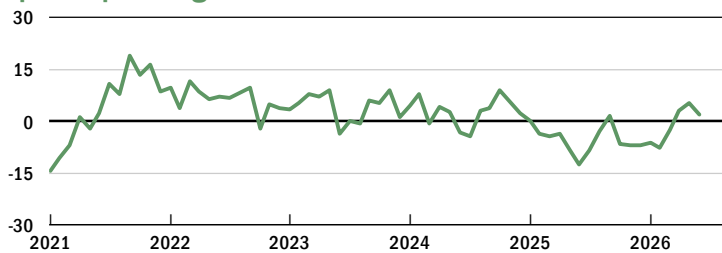
	Percent Reporting		Index
	Higher	Lower	
May	74.4	1.0	73.4
Jun	73.5	0.9	72.6
Change			-0.8

Prices Received



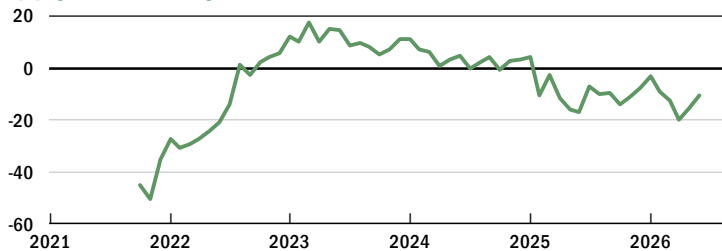
	Percent Reporting		Index
	Higher	Lower	
May	37.1	6.3	30.7
Jun	35.5	4.2	31.3
Change			0.6

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
May	21.4	16.0	5.3
Jun	19.5	17.7	1.9
Change			-3.4

Supply Availability



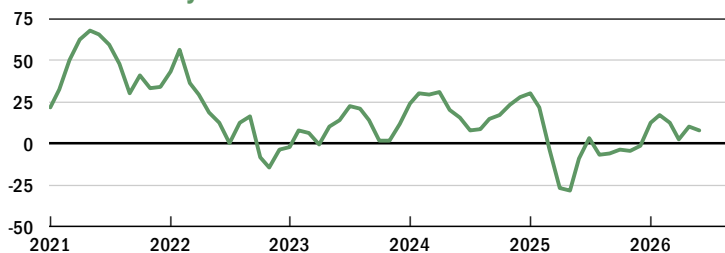
	Percent Reporting		Index
	Higher	Lower	
May	8.3	23.9	-15.6
Jun	8.3	19.0	-10.6
Change			5.0

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

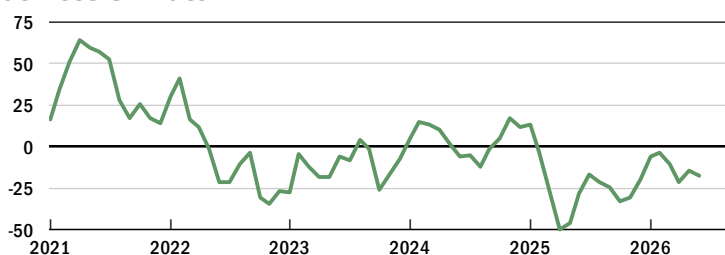
Expectations Six Months Ahead

Business Activity



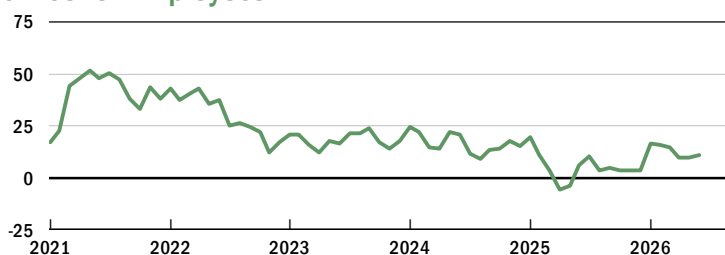
	Percent Reporting		Index
	Higher	Lower	
May	37.4	27.2	10.2
Jun	36.4	28.1	8.3
Change			-1.9

Business Climate



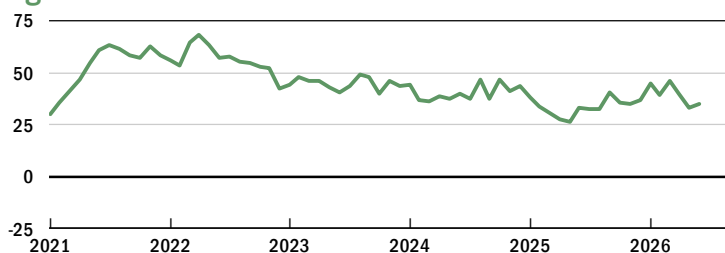
	Percent Reporting		Index
	Better	Worse	
May	24.2	38.2	-14.0
Jun	24.0	41.0	-17.1
Change			-3.1

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
May	26.9	17.4	9.5
Jun	25.4	14.4	11.0
Change			1.5

Wages



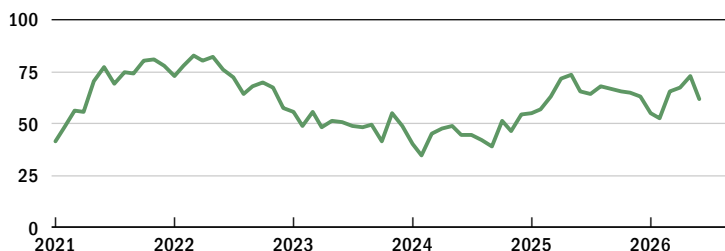
	Percent Reporting		Index
	Higher	Lower	
May	39.3	6.0	33.3
Jun	39.9	4.8	35.2
Change			1.9

Note: The future wages index is seasonally adjusted.

Forward-Looking Indicators, *continued*

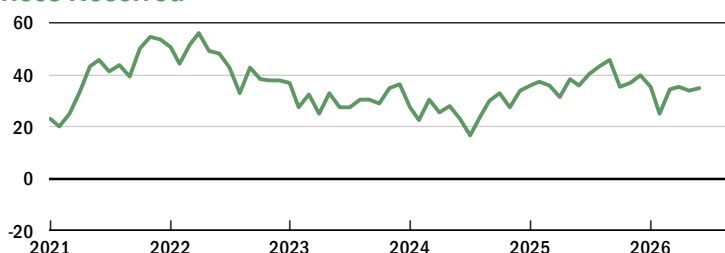
Expectations Six Months Ahead

Prices Paid



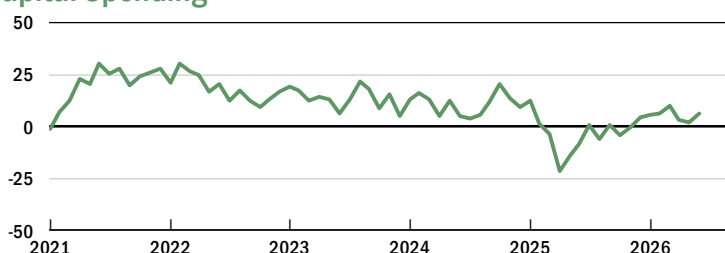
	Percent Reporting		Index
	Higher	Lower	
May	73.3	0.5	72.8
Jun	62.9	1.0	61.9
Change			-10.9

Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	40.5	6.5	34.0
Jun	39.0	4.3	34.8
Change			0.8

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
May	25.4	23.4	2.0
Jun	25.2	19.0	6.2
Change			4.2

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
May	11.2	26.8	-15.6
Jun	8.8	16.2	-7.4
Change			8.2

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