Business Leaders Survey

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

Note: Survey responses were collected between July 2 and July 10.

Business activity in the region's service sector grew for the first time in nearly two years in July, according to firms responding to the Federal Reserve Bank of New York's *Business Leaders Survey*. The survey's headline business activity index surged nineteen points to 8.7. The business climate index rose thirteen points to -24.0, suggesting the business climate remained worse than normal, but significantly less so than in recent months. Employment edged up slightly and wage growth slowed. Supply availability continued to worsen modestly. The pace of price increases remained elevated but eased slightly. Looking ahead, firms became more optimistic about business conditions over the next six months.

ECONOMIST COMMENTARY

Business activity picked up in the New York-Northern New Jersey region's service sector in July for the first time in nearly two years. Employment increased modestly, and firms grew more optimistic about the outlook for the months ahead.

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

Activity Rebounds

Business activity picked up in the New York-Northern New Jersey region, according to the July survey. The headline business activity index jumped nineteen points to 8.7 – its highest reading since 2022. Thirty-four percent of respondents reported that conditions improved over the month while 25 percent said that conditions worsened. The business climate index rose thirteen points to -24.0, with 21 percent of respondents reporting a favorable business climate and 45 percent reporting an unfavorable climate.

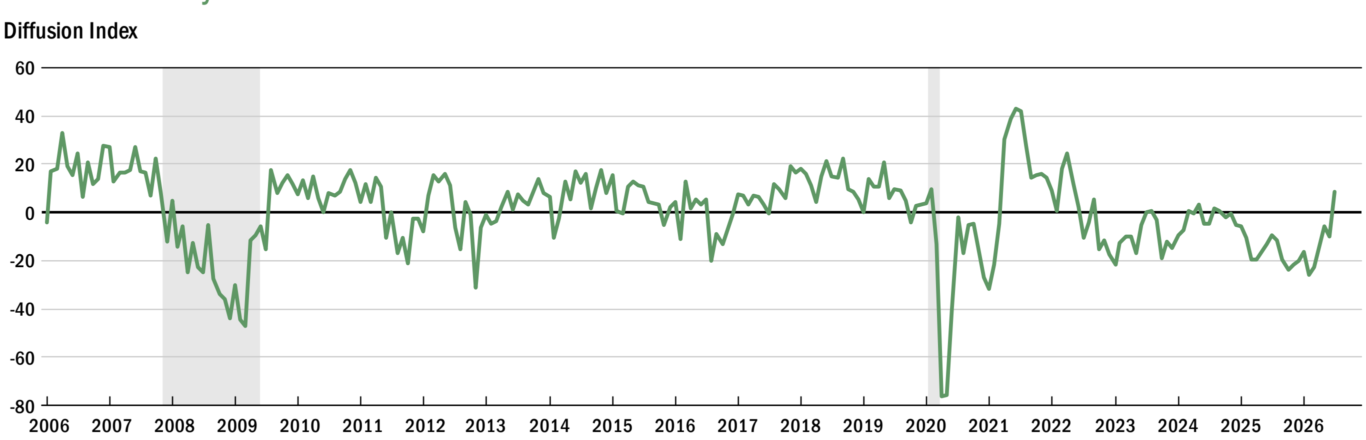
Employment Growth Modest

The employment index fell seven points to 4.3, suggesting employment continued to rise but at a slower pace than last month. The wages index declined five points to 30.7, indicating that wage growth moderated somewhat. The prices paid index fell six points to 66.7, signaling that input price increases remained elevated but eased from June's pace. The prices received index edged down two points to 28.9, indicating a slight decline in selling price increases. The supply availability index was little changed at -9.7, suggesting supply availability continued to worsen somewhat.

Firms More Optimistic

The index for future business activity rose fifteen points to 23.2, a sign that firms were considerably more optimistic about activity over the next six months. The index for the future business climate surged seventeen points to zero, suggesting that for the first time in well over a year, firms do not expect the business climate to worsen in the months ahead. Employment is expected to grow modestly. Supply availability is expected to continue to decline modestly. Capital spending plans remained subdued. ■

Business Activity

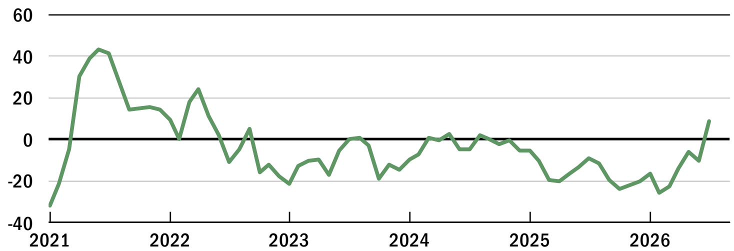


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

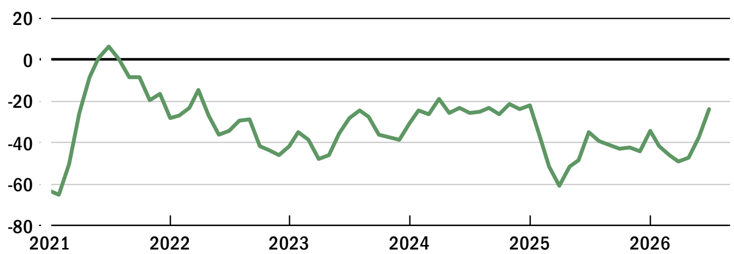
Change from Preceding Month

Business Activity



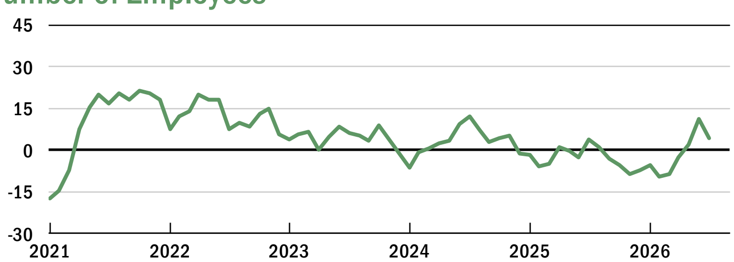
	Percent Reporting		
	Higher	Lower	Index
Jun	26.7	36.9	-10.1
Jul	33.7	25.0	8.7
Change			18.8

Business Climate



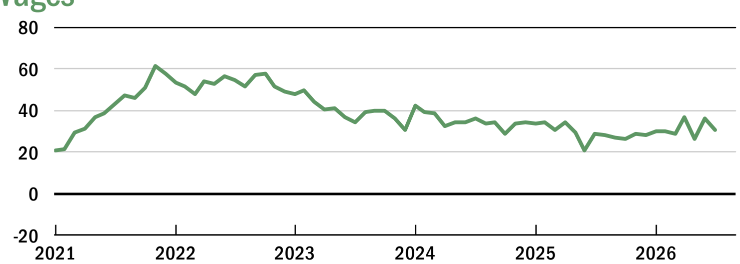
	Percent Reporting		
	Favorable	Unfavorable	Index
Jun	15.2	52.5	-37.3
Jul	20.7	44.7	-24.0
Change			13.3

Number of Employees



	Percent Reporting		
	Higher	Lower	Index
Jun	22.3	11.2	11.2
Jul	20.8	16.4	4.3
Change			-6.9

Wages



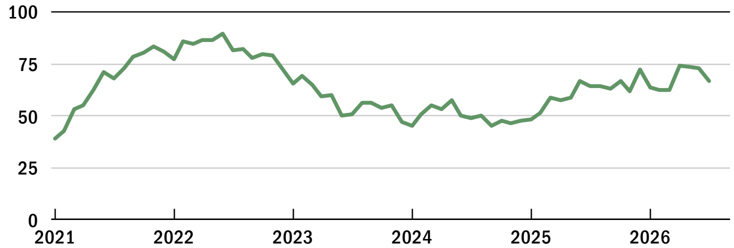
	Percent Reporting		
	Higher	Lower	Index
Jun	37.9	1.9	36.0
Jul	33.1	2.4	30.7
Change			-5.3

Note: The current wages index is seasonally adjusted.

Current Indicators, *continued*

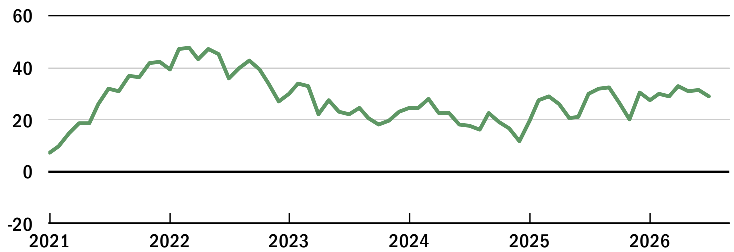
Change from Preceding Month

Prices Paid



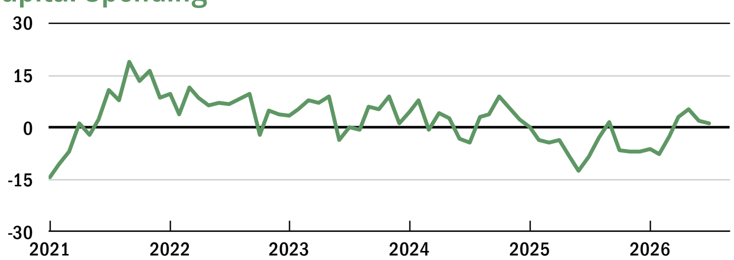
	Percent Reporting		
	Higher	Lower	Index
Jun	73.5	0.9	72.6
Jul	67.6	1.0	66.7
Change			-5.9

Prices Received



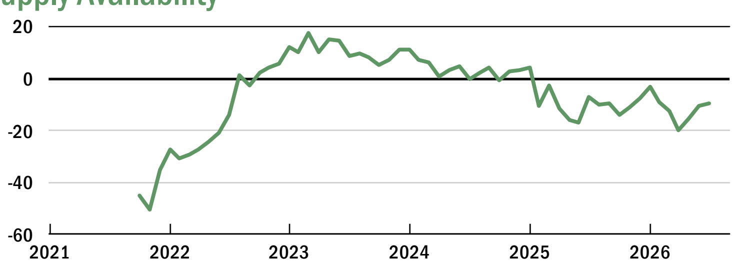
	Percent Reporting		
	Higher	Lower	Index
Jun	35.5	4.2	31.3
Jul	32.8	3.9	28.9
Change			-2.4

Capital Spending



	Percent Reporting		
	Higher	Lower	Index
Jun	19.5	17.7	1.9
Jul	19.0	18.0	1.0
Change			-0.9

Supply Availability



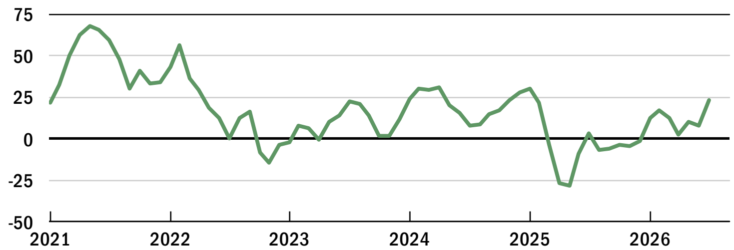
	Percent Reporting		
	Higher	Lower	Index
Jun	8.3	19.0	-10.6
Jul	9.2	18.8	-9.7
Change			0.9

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

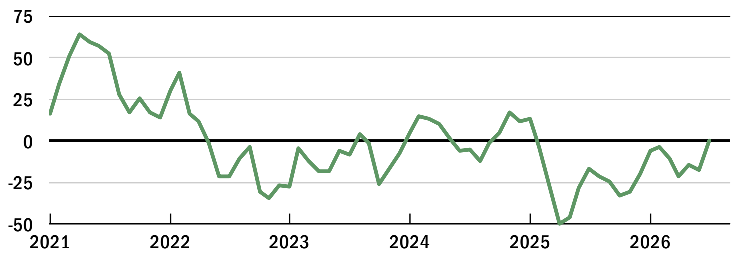
Expectations Six Months Ahead

Business Activity



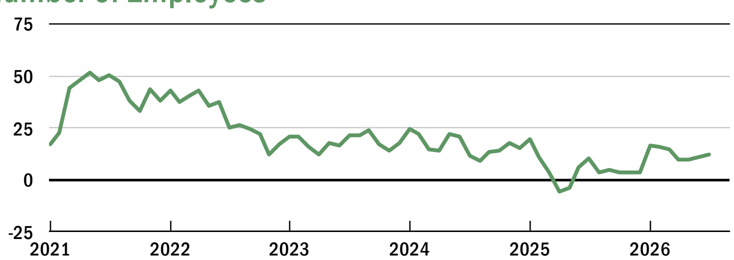
	Percent Reporting		
	Higher	Lower	Index
Jun	36.4	28.1	8.3
Jul	41.1	17.9	23.2
Change			14.9

Business Climate



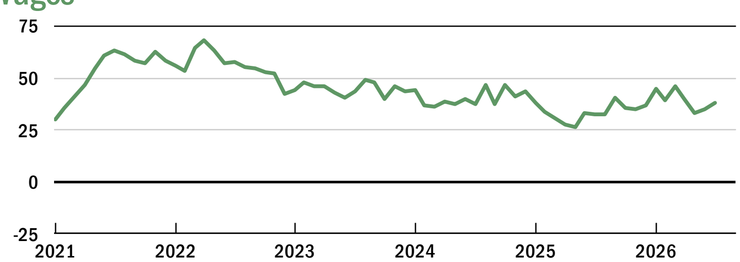
	Percent Reporting		
	Better	Worse	Index
Jun	24.0	41.0	-17.1
Jul	29.0	29.0	0.0
Change			17.1

Number of Employees



	Percent Reporting		
	Higher	Lower	Index
Jun	25.4	14.4	11.0
Jul	28.9	16.9	11.9
Change			0.9

Wages



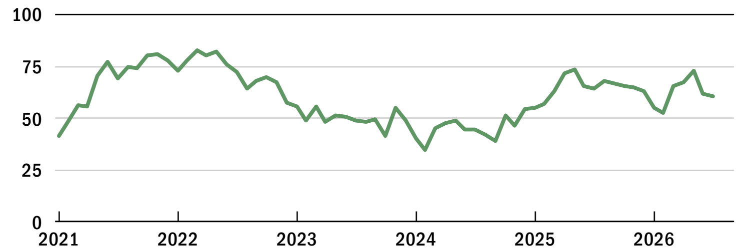
	Percent Reporting		
	Higher	Lower	Index
Jun	39.9	4.8	35.2
Jul	40.7	2.5	38.2
Change			3.0

Note: The future wages index is seasonally adjusted.

Forward-Looking Indicators, *continued*

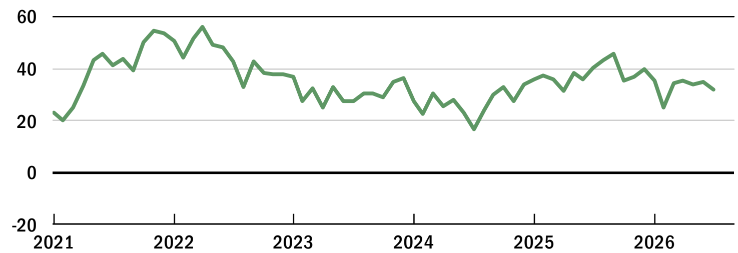
Expectations Six Months Ahead

Prices Paid



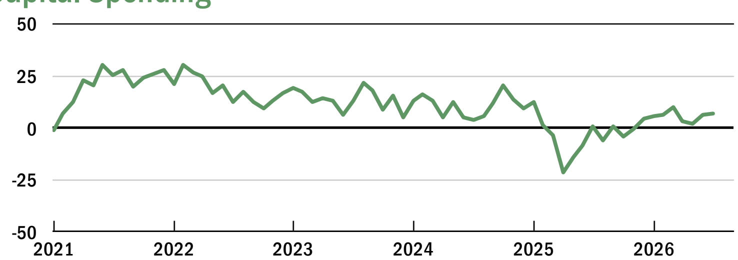
	Percent Reporting		
	Higher	Lower	Index
Jun	62.9	1.0	61.9
Jul	62.9	2.5	60.4
Change			-1.5

Prices Received



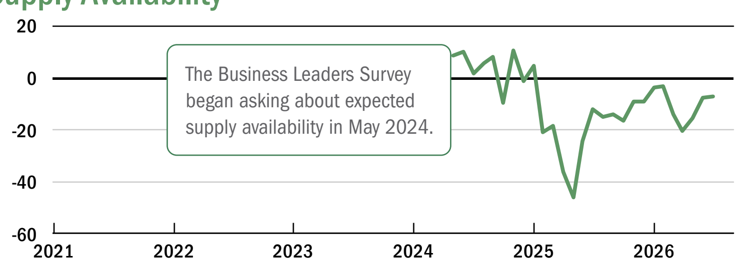
	Percent Reporting		
	Higher	Lower	Index
Jun	39.0	4.3	34.8
Jul	36.8	5.0	31.8
Change			-3.0

Capital Spending



	Percent Reporting		
	Higher	Lower	Index
Jun	25.2	19.0	6.2
Jul	27.7	20.8	6.9
Change			0.7

Supply Availability



	Percent Reporting		
	Higher	Lower	Index
Jun	8.8	16.2	-7.4
Jul	9.7	17.0	-7.3
Change			0.1

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