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.

Business activity continued to decline in the region's service sector in November, though the pace of contraction eased, according to firms responding to the Federal Reserve Bank of New York's *Business Leaders Survey*. The survey's headline business activity index rose ten points to -10.6. The business climate index was little changed at -36.8, suggesting the business climate remained worse than normal. Employment held steady, and wages continued to increase modestly. Supply availability continued to worsen. Input prices continued to increase sharply, while the pace of selling price increases slowed somewhat. Capital spending remained weak. Firms did not expect much improvement in the months ahead.

Activity Declines More Slowly

Business activity continued to fall in the New York-Northern New Jersey region, according to the November survey, though the decline was less pronounced than in October. The headline business activity index rose ten points but remained below zero at -10.6.

ECONOMIST COMMENTARY

"Business activity continued declining in the New York-Northern New Jersey region's service sector in November—though more slowly than last month. Employment held steady, and firms were not very optimistic about the outlook."

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

Twenty-four percent of respondents reported that conditions improved over the month while 35 percent said that conditions worsened. The business climate index was little changed at -36.8, with 12 percent of respondents reporting a favorable business climate and about half reporting an unfavorable climate.

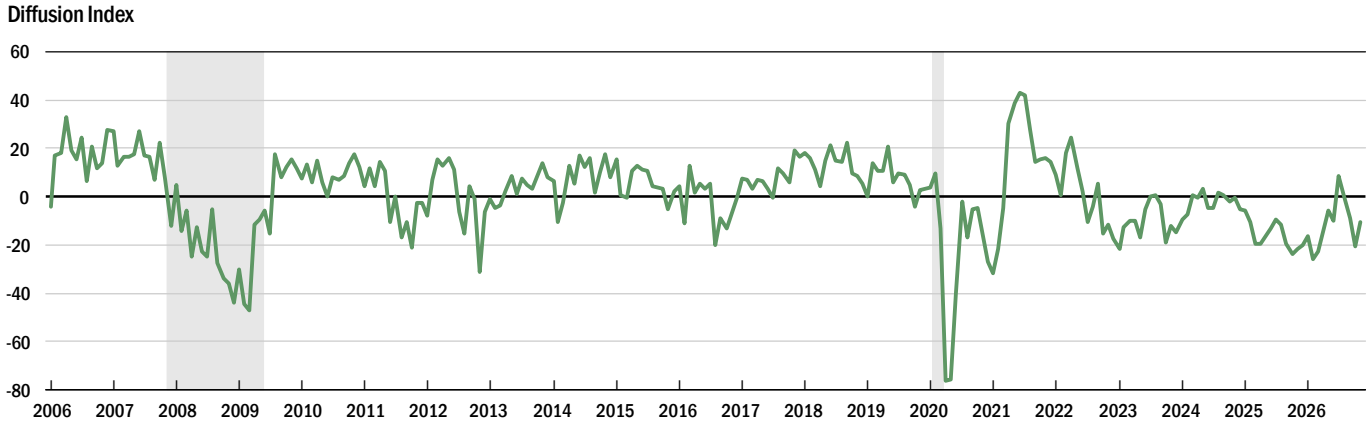
Employment Holds Steady

The employment index moved down slightly to -0.5, suggesting employment levels held steady. The wages index came in at 26.9, indicating that wages increased at about the same pace as in recent months. The prices paid index was little changed at 71.3, suggesting input prices continued to increase sharply, while the prices received index fell six points to 30.3, pointing to some slowing in the pace of selling price increases, though they remained significant. The capital spending index printed at -1.1, suggesting capital spending was weak. Supply availability continued to worsen, with the index at -13.2, little changed from October.

Firms Remain Pessimistic

The index for future business activity held steady at -4.7, and the index for the future business climate remained below zero at -16.3, suggesting firms continued to be somewhat pessimistic about the outlook for the next six months. Employment is expected to increase modestly. Expectations of future selling price increases were fairly widespread. Supply availability is expected to continue to worsen, and capital spending plans remained lackluster. ■

Business Activity

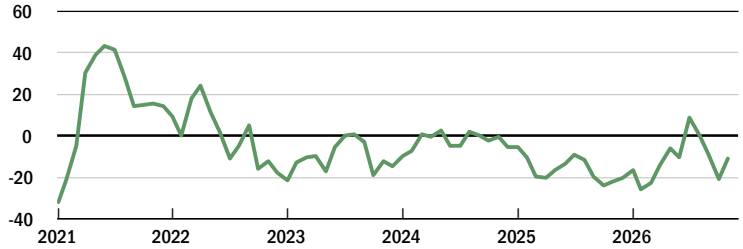


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

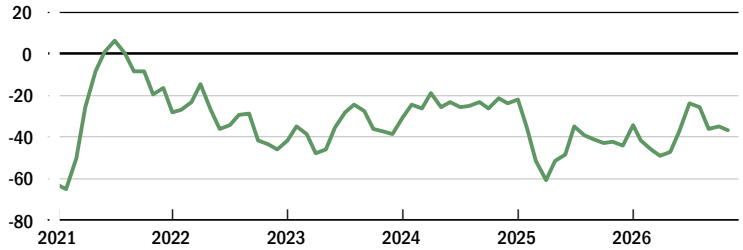
Change from Preceding Month

Business Activity



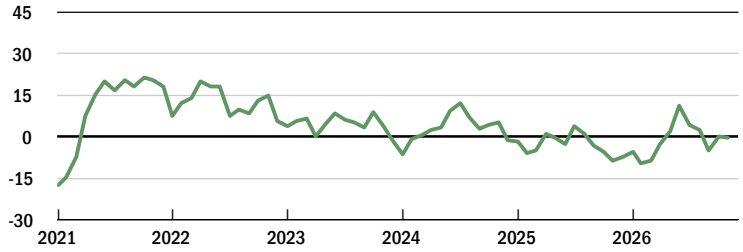
	Percent Reporting		
	Higher	Lower	Index
Oct	21.6	42.3	-20.7
Nov	24.3	34.9	-10.6
Change			10.1

Business Climate



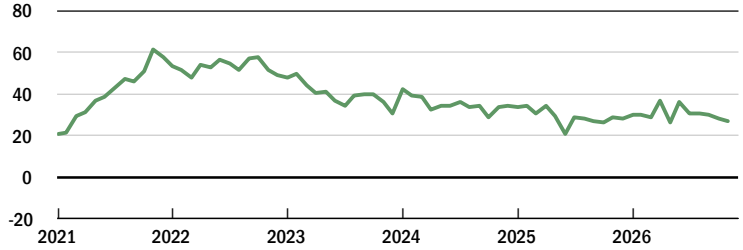
	Percent Reporting		
	Favorable	Unfavorable	Index
Oct	15.4	50.5	-35.0
Nov	12.1	48.9	-36.8
Change			-1.8

Number of Employees



	Percent Reporting		
	Higher	Lower	Index
Oct	19.7	19.7	0.0
Nov	17.6	18.1	-0.5
Change			-0.5

Wages



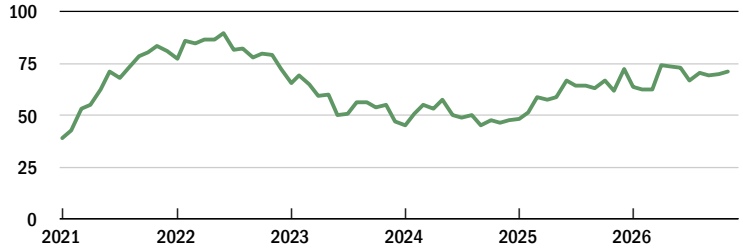
	Percent Reporting		
	Higher	Lower	Index
Oct	33.4	5.2	28.2
Nov	31.2	4.3	26.9
Change			-1.3

Note: The current wages index is seasonally adjusted.

Current Indicators, *continued*

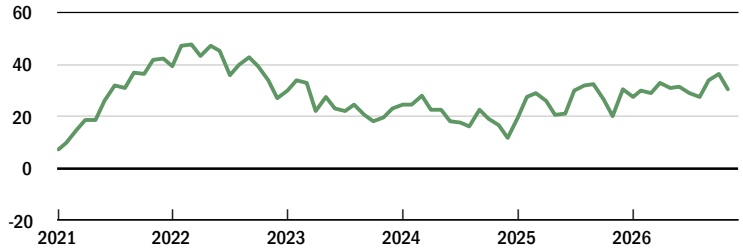
Change from Preceding Month

Prices Paid



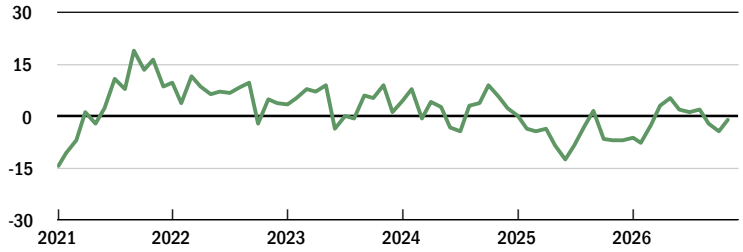
	Percent Reporting		
	Higher	Lower	Index
Oct	70.9	0.9	70.0
Nov	71.8	0.5	71.3
Change			1.3

Prices Received



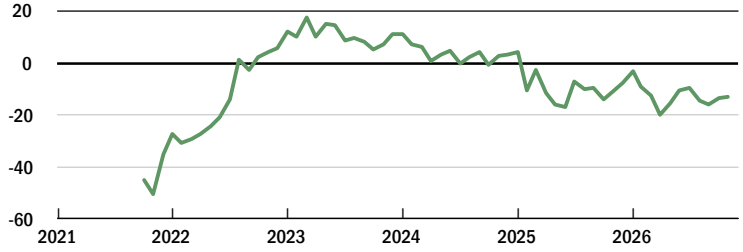
	Percent Reporting		
	Higher	Lower	Index
Oct	39.6	3.3	36.3
Nov	35.1	4.8	30.3
Change			-6.0

Capital Spending



	Percent Reporting		
	Higher	Lower	Index
Oct	17.5	21.7	-4.2
Nov	20.4	21.5	-1.1
Change			3.1

Supply Availability



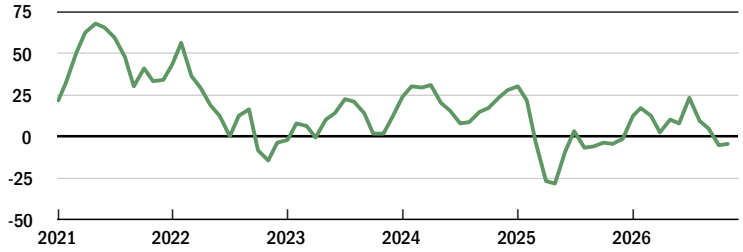
	Percent Reporting		
	Higher	Lower	Index
Oct	8.1	21.3	-13.3
Nov	9.5	22.6	-13.2
Change			0.1

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

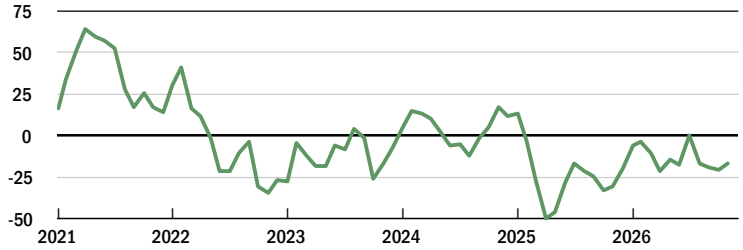
Expectations Six Months Ahead

Business Activity



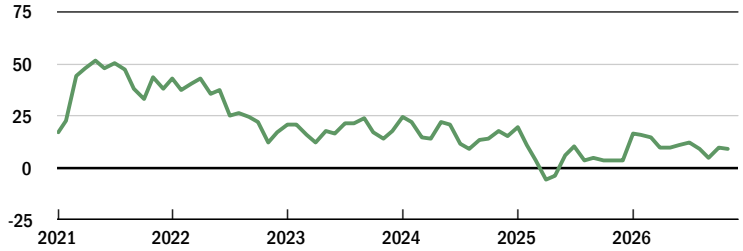
	Percent Reporting		
	Higher	Lower	Index
Oct	29.0	34.1	-5.1
Nov	27.9	32.6	-4.7
Change			0.4

Business Climate



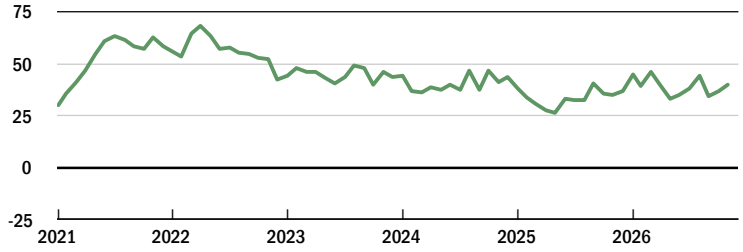
	Percent Reporting		
	Better	Worse	Index
Oct	22.2	42.9	-20.8
Nov	20.5	36.8	-16.3
Change			4.5

Number of Employees



	Percent Reporting		
	Higher	Lower	Index
Oct	23.3	13.8	9.5
Nov	25.1	16.0	9.1
Change			-0.4

Wages



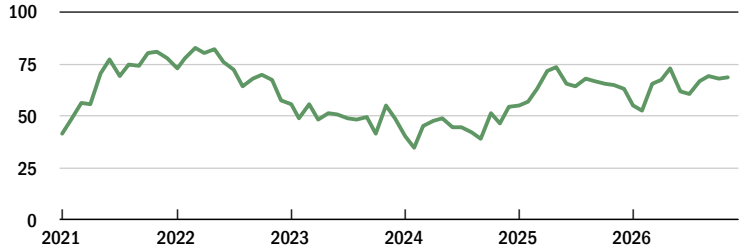
	Percent Reporting		
	Higher	Lower	Index
Oct	41.8	5.2	36.6
Nov	44.4	4.8	39.6
Change			3.0

Note: The future wages index is seasonally adjusted.

Forward-Looking Indicators, *continued*

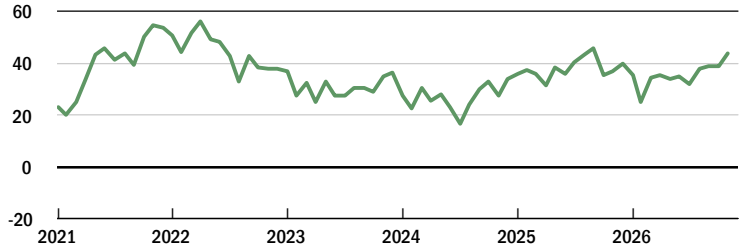
Expectations Six Months Ahead

Prices Paid



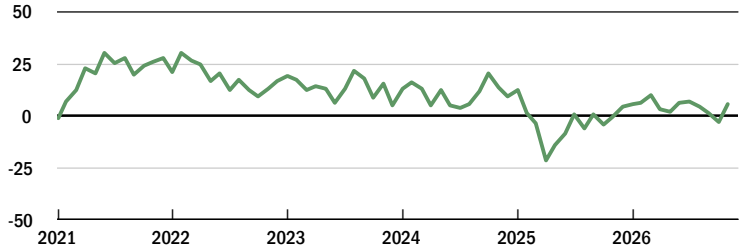
	Percent Reporting		
	Higher	Lower	Index
Oct	69.0	1.0	68.1
Nov	72.0	3.8	68.3
Change			0.2

Prices Received



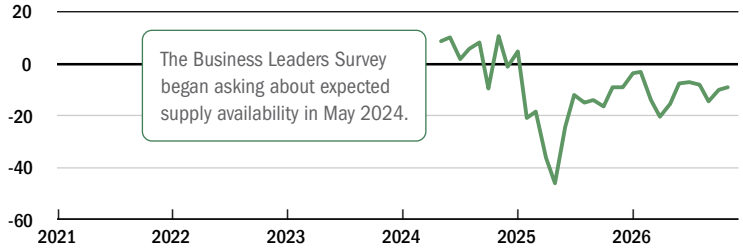
	Percent Reporting		
	Higher	Lower	Index
Oct	43.3	4.3	38.9
Nov	50.5	7.0	43.5
Change			4.6

Capital Spending



	Percent Reporting		
	Higher	Lower	Index
Oct	18.1	21.0	-2.9
Nov	25.8	20.4	5.4
Change			8.3

Supply Availability



	Percent Reporting		
	Higher	Lower	Index
Oct	9.4	19.2	-9.9
Nov	11.1	20.0	-8.9
Change			1.0

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