

# Business Leaders Survey

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

*Note: Survey responses were collected between January 2 and January 9.*

Business activity continued to decline significantly in the region's service sector in January, according to firms responding to the Federal Reserve Bank of New York's *Business Leaders Survey*. The survey's headline business activity index edged up four points but remained negative at -16.1. The business climate index held well below zero at -34.4, suggesting the business climate remained worse than normal. Employment fell for a fifth consecutive month, and wage growth picked up but remained modest. Supply availability was little changed. Both input price increases and selling price increases slowed. Looking ahead, firms expect conditions over the next six months to improve only modestly.

## Activity Continues to Contract

Business activity continued to fall substantially in the New York-Northern New Jersey region, according to the January survey. The headline business activity index came in at -16.1. Twenty percent of respondents reported

## ECONOMIST COMMENTARY

"Business activity fell substantially in the New York-Northern New Jersey region's service sector in January, continuing the trend seen since early 2025. Employment declined for a fifth consecutive month.

Firms expect only modest improvement in future business activity."

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

that conditions improved over the month while 36 percent said that conditions worsened. The business climate index moved up ten points, but remained well below zero at -34.4, with 44 percent reporting an unfavorable business climate.

## Wage Increases Remain Modest

The employment index was little changed at -5.5, its fifth consecutive negative reading, suggesting employment continued to contract slightly. The wages index moved up six points to 30.0, a level pointing to ongoing modest wage increases. After reaching a three-year high last month, the

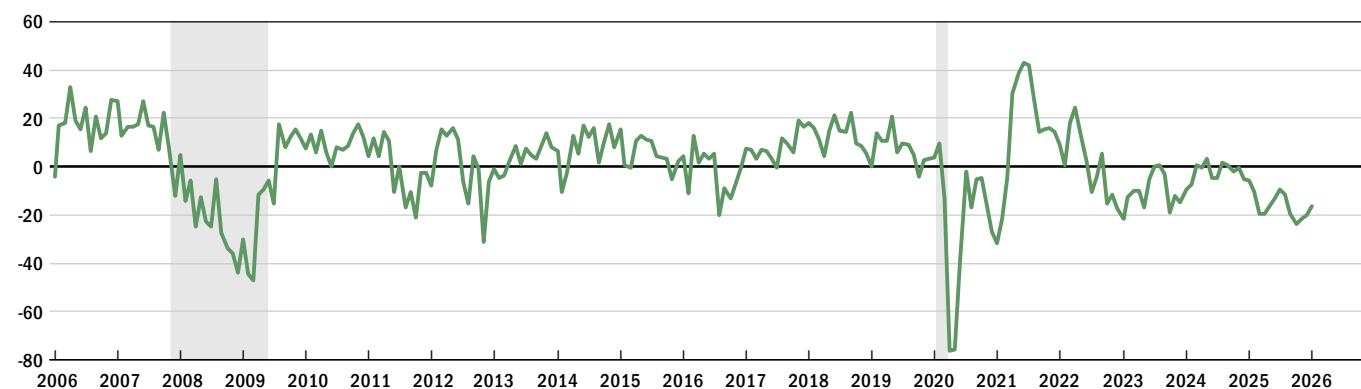
prices paid index retreated eight points to 63.9, and the prices received index edged down three points to 27.6. The supply availability index came in at -3.2, suggesting little change in supply availability.

## Firms Somewhat Optimistic

The index for future business activity rose above zero for the first time since July of last year, but at 12.4, signaled that only a modest increase in activity is expected over the next six months. Employment and wage increases are expected to pick up in the months ahead. Capital spending plans remained soft. ■

## Business Activity

### Diffusion Index

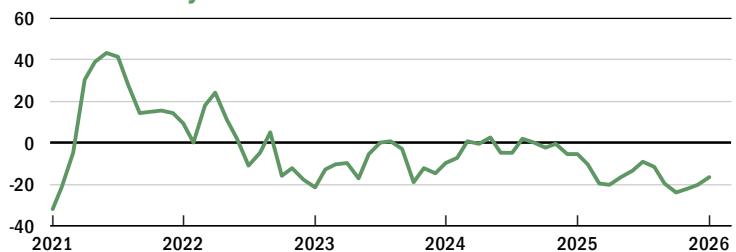


*Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.*

# Current Indicators

Change from Preceding Month

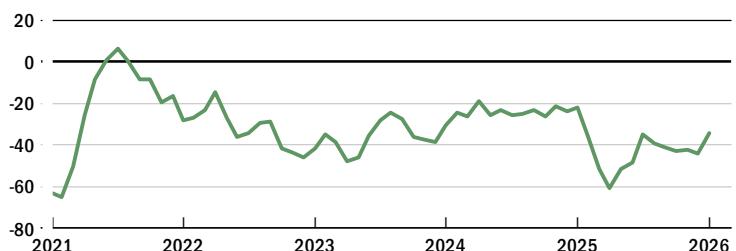
## Business Activity



## Percent Reporting

	Higher	Lower	Index
Dec	22.1	42.1	-20.0
Jan	19.7	35.8	-16.1
Change			3.9

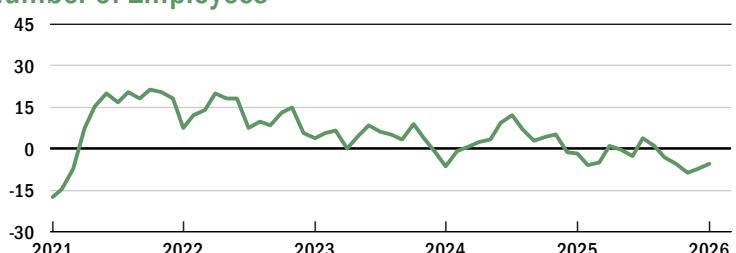
## Business Climate



## Percent Reporting

	Favorable	Unfavorable	Index
Dec	10.5	54.7	-44.2
Jan	9.2	43.6	-34.4
Change			9.8

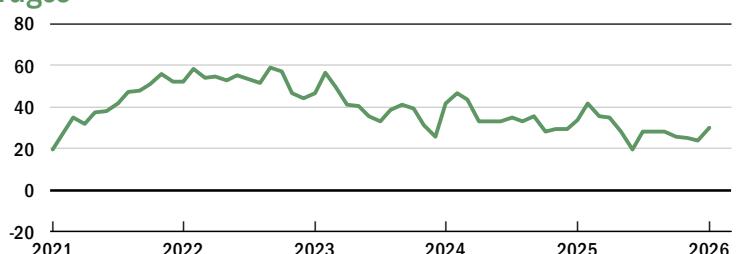
## Number of Employees



## Percent Reporting

	Higher	Lower	Index
Dec	15.8	23.2	-7.4
Jan	13.8	19.3	-5.5
Change			1.9

## Wages



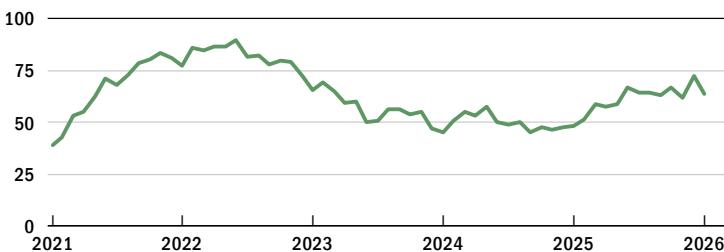
## Percent Reporting

	Higher	Lower	Index
Dec	26.8	3.2	23.7
Jan	33.2	3.2	30.0
Change			6.3

# Current Indicators, *continued*

Change from Preceding Month

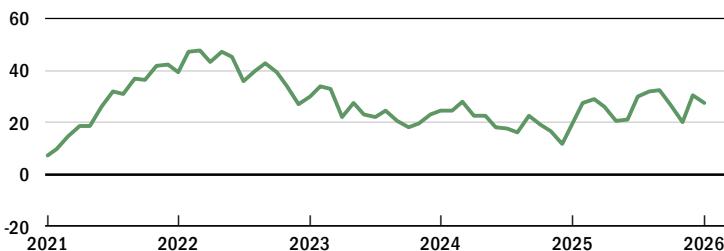
## Prices Paid



## Percent Reporting

	Higher	Lower	Index
Dec	73.2	1.1	72.1
Jan	66.7	2.8	63.9
Change			-8.2

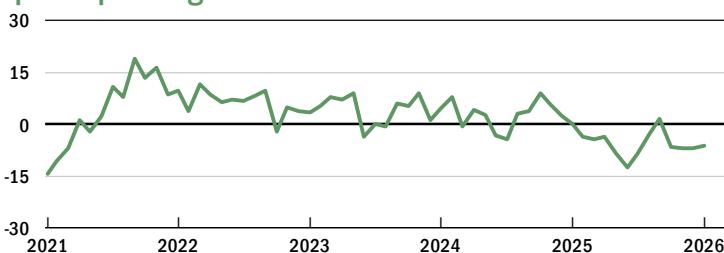
## Prices Received



## Percent Reporting

	Higher	Lower	Index
Dec	38.5	8.0	30.5
Jan	34.1	6.5	27.6
Change			-2.9

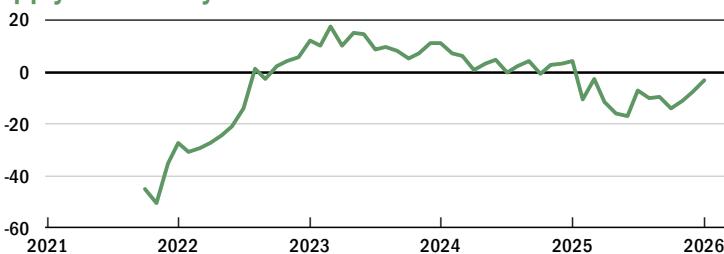
## Capital Spending



## Percent Reporting

	Higher	Lower	Index
Dec	15.9	22.8	-6.9
Jan	15.5	21.6	-6.1
Change			0.8

## Supply Availability



## Percent Reporting

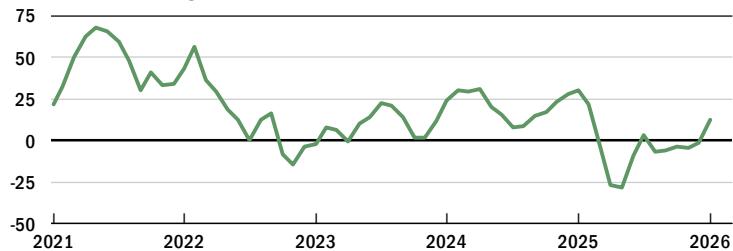
	Higher	Lower	Index
Dec	8.5	15.9	-7.4
Jan	9.2	12.4	-3.2
Change			4.2

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

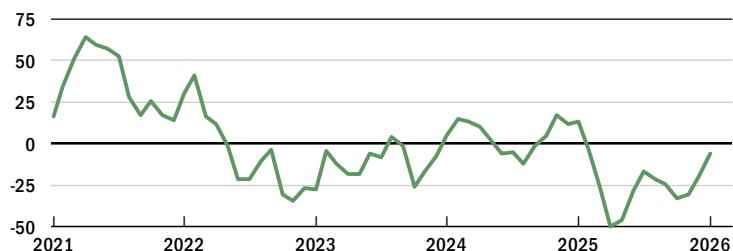
## Business Activity



### Percent Reporting

	Higher	Lower	Index
Dec	31.7	32.8	-1.1
Jan	36.9	24.4	12.4
Change	13.5		

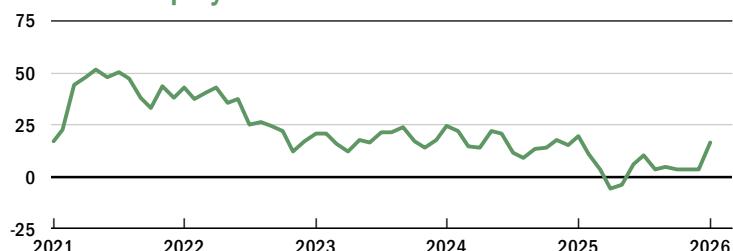
## Business Climate



### Percent Reporting

	Better	Worse	Index
Dec	21.1	40.5	-19.5
Jan	26.2	32.2	-6.1
Change	13.4		

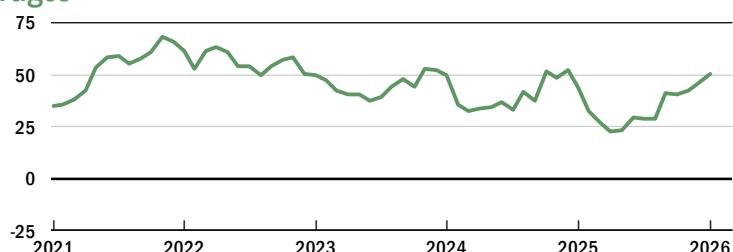
## Number of Employees



### Percent Reporting

	Higher	Lower	Index
Dec	25.0	21.2	3.8
Jan	31.3	15.0	16.4
Change	12.6		

## Wages



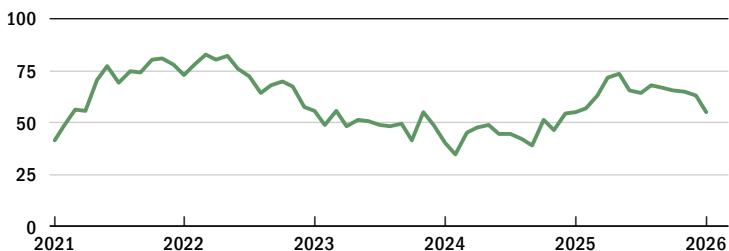
### Percent Reporting

	Higher	Lower	Index
Dec	49.7	3.8	45.9
Jan	53.3	2.8	50.5
Change	4.6		

# Forward-Looking Indicators, *continued*

## Expectations Six Months Ahead

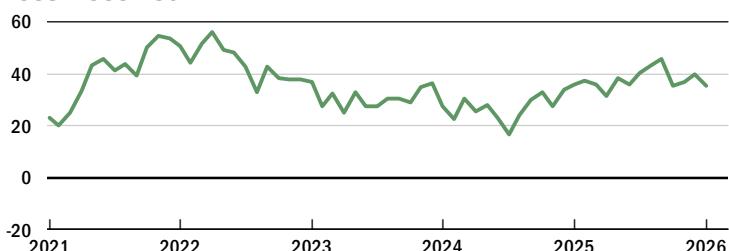
### Prices Paid



### Percent Reporting

	Higher	Lower	Index
Dec	64.3	1.1	63.2
Jan	58.2	3.3	54.9
Change	-8.3		

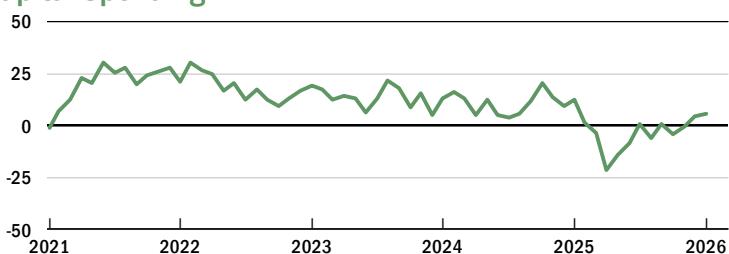
### Prices Received



### Percent Reporting

	Higher	Lower	Index
Dec	45.9	6.0	39.9
Jan	41.4	6.2	35.2
Change	-4.7		

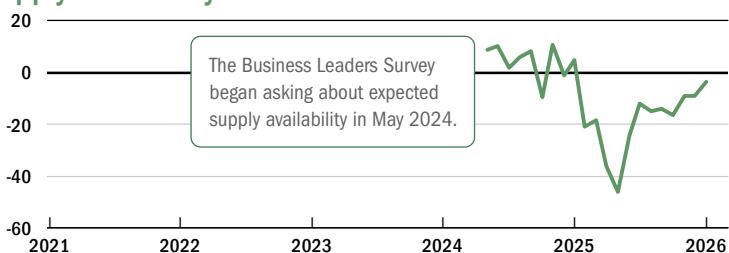
### Capital Spending



### Percent Reporting

	Higher	Lower	Index
Dec	24.6	20.2	4.4
Jan	26.1	20.4	5.7
Change	1.3		

### Supply Availability



### Percent Reporting

	Higher	Lower	Index
Dec	10.0	18.9	-8.9
Jan	9.6	13.3	-3.7
Change	5.2		

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