

# Business Leaders Survey

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

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

Business activity continued to decline significantly in the region's service sector in March, 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 -22.6. The business climate index fell five points to -46.2, suggesting the business climate remained much worse than normal. Employment fell for a seventh consecutive month. Supply availability worsened. The pace of both input price increases and selling price increases was again little-changed and remained elevated. Looking ahead, firms were less optimistic about the outlook.

## Conditions Continue to Deteriorate

Business activity continued to fall substantially in the New York-Northern New Jersey region, according to the March survey. The headline business activity index remained well below zero at -22.6. Nineteen percent of respondents reported that conditions improved over the month while 42 percent said that conditions

ECONOMIST COMMENTARY

“Business activity continued to contract in the New York-Northern New Jersey region’s service sector in March. Employment fell for a seventh consecutive month. Firms expect higher prices and only modest improvement in conditions in the months ahead.”

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

worsened. The business climate index fell five points to -46.2, with 56 percent of respondents reporting an unfavorable business climate.

## Employment Contracts

The employment index came in at -8.5, its seventh consecutive negative reading, suggesting employment continued to fall. The wages index edged down to 33.7. The prices paid index held steady at 62.5, and the prices received index was similar to last month at 28.8, pointing to little change in the pace of both input and selling price

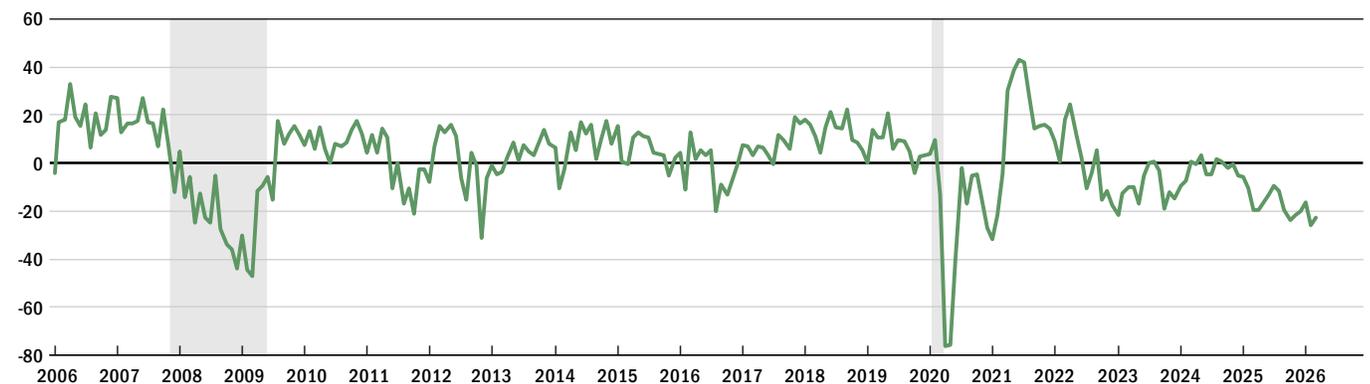
increases. The supply availability index dipped three points to -12.6, suggesting supply availability worsened.

## Firms Only Somewhat Optimistic

The index for future business activity fell five points to 12.7, signaling that firms expect only a small pickup in activity over the next six months. Employment is expected to grow modestly. Firms’ expectations for future price increases picked up significantly, and supply availability is expected to worsen. Firms planned modest increases in capital spending. ■

## Business Activity

Diffusion Index

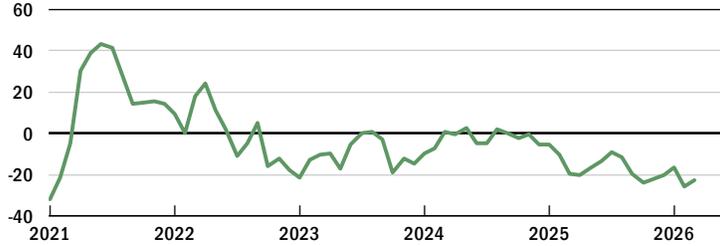


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

# Current Indicators

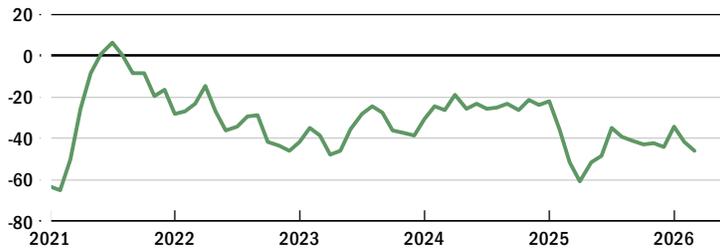
Change from Preceding Month

## Business Activity



	Percent Reporting		Index
	Higher	Lower	
Feb	17.0	42.7	-25.7
Mar	19.1	41.7	-22.6
Change			3.1

## Business Climate



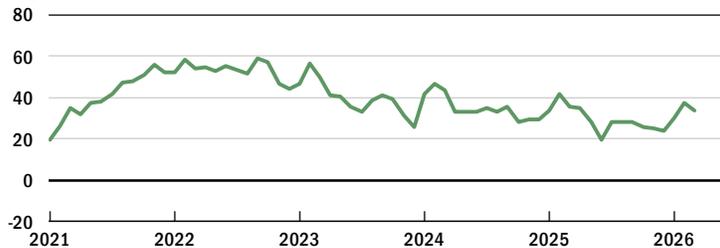
	Percent Reporting		Index
	Favorable	Unfavorable	
Feb	10.7	52.4	-41.7
Mar	10.1	56.3	-46.2
Change			-4.5

## Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Feb	11.7	21.4	-9.7
Mar	14.1	22.6	-8.5
Change			1.2

## Wages

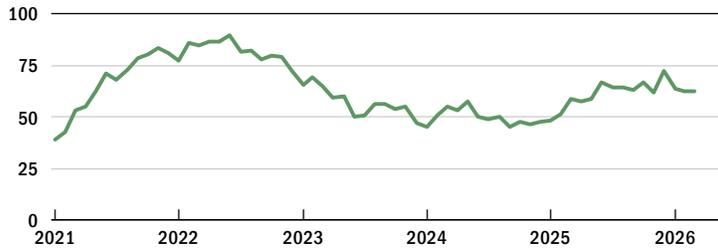


	Percent Reporting		Index
	Higher	Lower	
Feb	41.7	4.4	37.4
Mar	36.7	3.0	33.7
Change			-3.7

# Current Indicators, *continued*

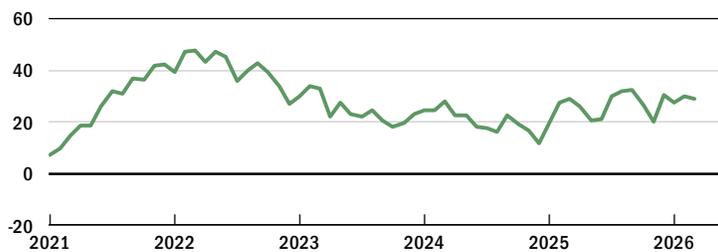
Change from Preceding Month

## Prices Paid



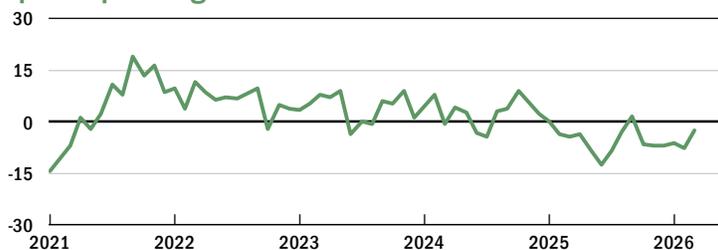
	Percent Reporting		Index
	Higher	Lower	
Feb	65.0	2.4	62.6
Mar	64.5	2.0	62.5
Change			-0.1

## Prices Received



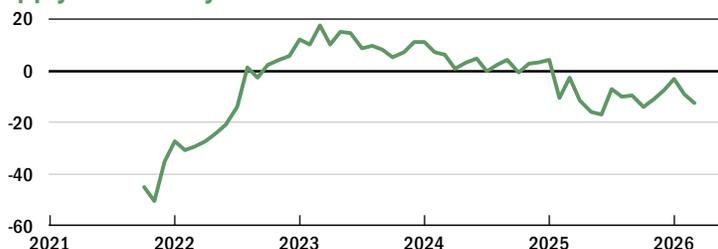
	Percent Reporting		Index
	Higher	Lower	
Feb	40.2	10.3	29.9
Mar	36.9	8.1	28.8
Change			-1.1

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Feb	19.1	27.0	-7.8
Mar	18.7	21.2	-2.5
Change			5.3

## Supply Availability



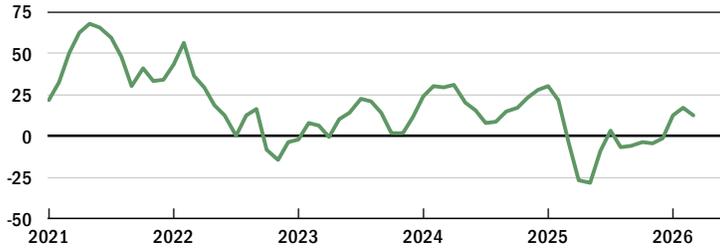
	Percent Reporting		Index
	Higher	Lower	
Feb	7.3	16.5	-9.2
Mar	6.0	18.6	-12.6
Change			-3.4

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

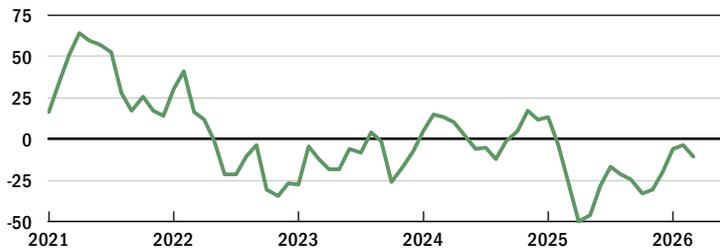
Expectations Six Months Ahead

## Business Activity



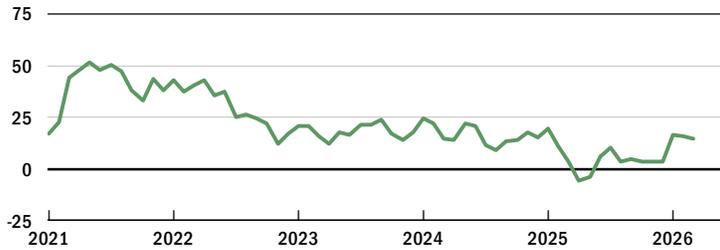
	Percent Reporting		Index
	Higher	Lower	
Feb	40.3	22.8	17.5
Mar	38.6	25.9	12.7
Change			-4.8

## Business Climate



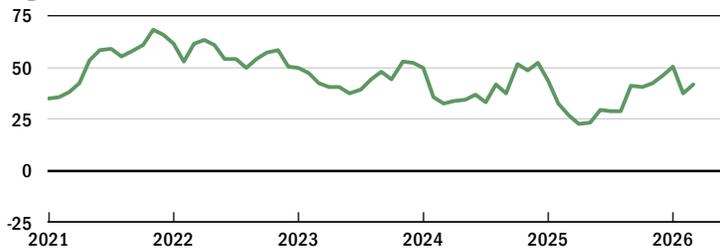
	Percent Reporting		Index
	Better	Worse	
Feb	26.8	30.7	-3.9
Mar	26.8	37.4	-10.6
Change			-6.7

## Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Feb	31.4	15.7	15.7
Mar	28.7	13.8	14.9
Change			-0.8

## Wages



	Percent Reporting		Index
	Higher	Lower	
Feb	41.7	3.9	37.7
Mar	44.0	2.6	41.5
Change			3.8

# Forward-Looking Indicators, *continued*

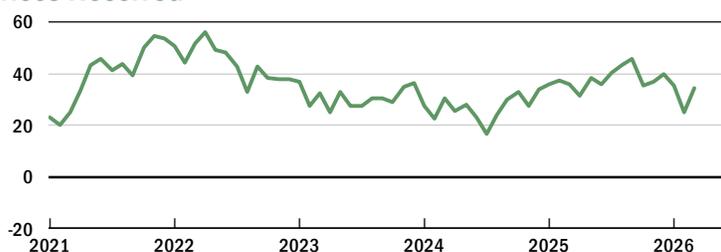
Expectations Six Months Ahead

## Prices Paid



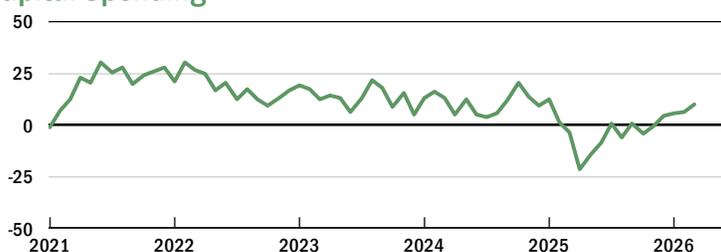
	Percent Reporting		Index
	Higher	Lower	
Feb	55.9	3.4	52.5
Mar	67.2	1.5	65.6
Change			13.1

## Prices Received



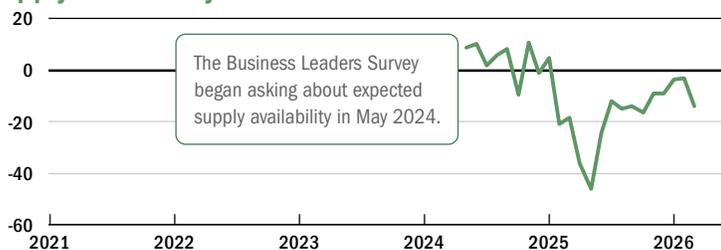
	Percent Reporting		Index
	Higher	Lower	
Feb	35.1	9.9	25.2
Mar	39.2	4.6	34.5
Change			9.3

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Feb	28.4	22.4	6.0
Mar	29.9	20.1	9.8
Change			3.8

## Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Feb	10.7	14.1	-3.4
Mar	9.0	23.1	-14.1
Change			-10.7

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