

Business Leaders Survey

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

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

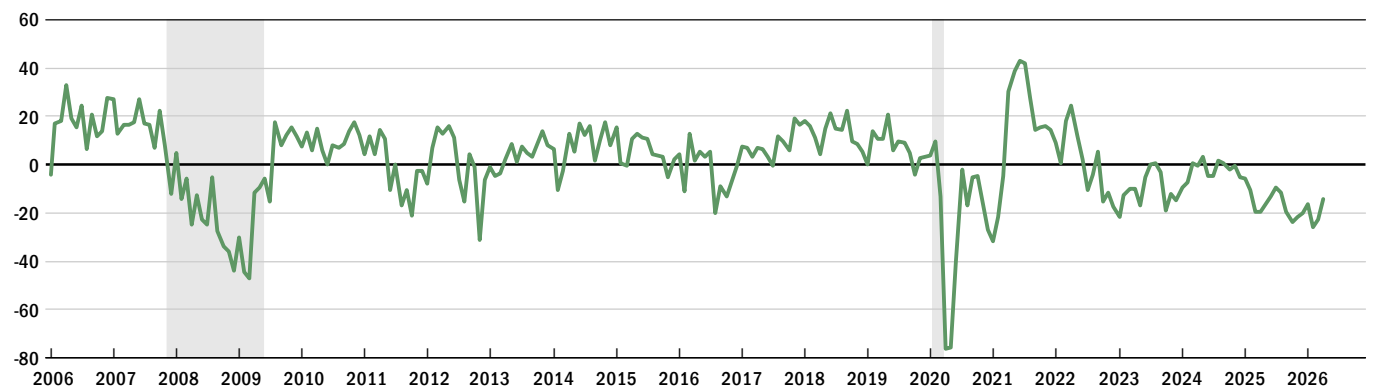
Business activity continued to decline in the region's service sector in April, though the pace of contraction eased somewhat, according to firms responding to the Federal Reserve Bank of New York's *Business Leaders Survey*. The survey's headline business activity index rose nine points to -14.0. The business climate index ticked down three points to -49.3, suggesting the business climate remained much worse than normal. Employment edged slightly lower and supply availability worsened significantly. The pace of input price increases accelerated sharply, while selling price increases picked up modestly. Looking ahead, firms expect little improvement in the next six months.

Conditions Remain Weak

Business activity continued to fall in the New York-Northern New Jersey region, according to the April survey, though the decline was less pronounced than in recent months. The headline business activity index rose nine points but remained below zero at -14.0. Twenty-four percent of respondents reported that conditions improved over the month

Business Activity

Diffusion Index



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

ECONOMIST COMMENTARY

“Business activity continued to contract in the New York-Northern New Jersey region’s service sector in April, though more slowly than in recent months. Firms reported worsening supply availability, a sharp increase in input prices, and less optimism about the outlook.”

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

while 38 percent said that conditions worsened. The business climate index fell three points to -49.3, with 59 percent of respondents reporting an unfavorable business climate.

Input Price Increases Pick Up

The employment index came in at -2.4, its eighth consecutive negative reading, suggesting employment continued to shrink, though only slightly this month. The wages index rose eight points to 37.0, pointing to a pickup in wage increases. The prices paid index jumped eleven points to 73.8, signaling a sharp acceleration in input price increases, while the prices received index rose

four points to 32.7, indicating a modest pickup in the pace of selling price increases. At -20.0, the supply availability index was down seven points from a month ago, suggesting supply availability worsened significantly.

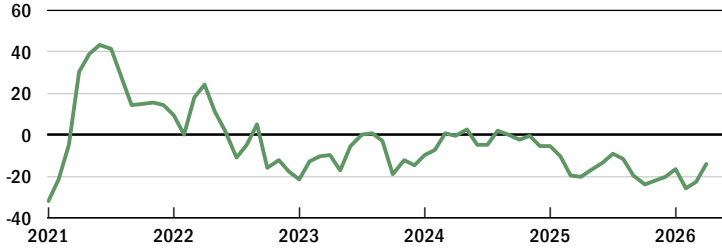
Optimism Wanes

The index for future business activity fell ten points to 2.9, a sign that firms expect little change in activity over the next six months. Employment is expected to grow only slightly. Firms’ expectations for future price increases remained elevated, and supply availability is expected to worsen considerably. Firms planned only modest increases in capital spending. ■

Current Indicators

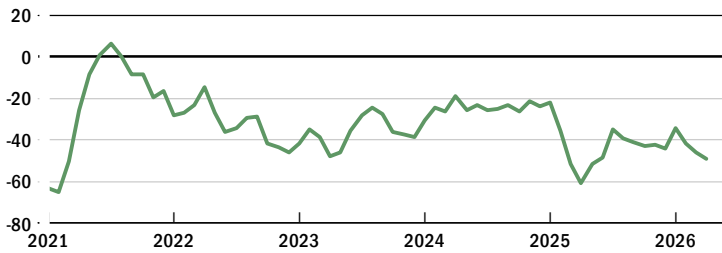
Change from Preceding Month

Business Activity



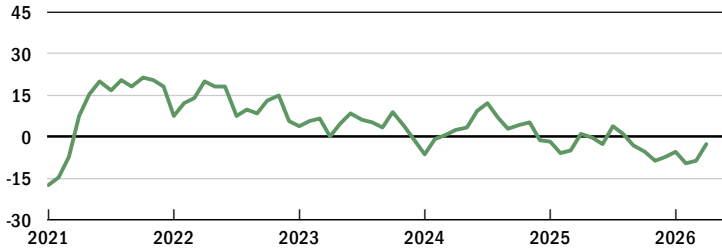
	Percent Reporting		Index
	Higher	Lower	
Mar	19.1	41.7	-22.6
Apr	23.7	37.7	-14.0
Change			8.6

Business Climate



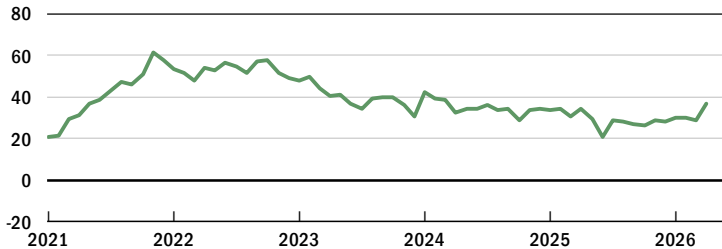
	Percent Reporting		Index
	Favorable	Unfavorable	
Mar	10.1	56.3	-46.2
Apr	10.1	59.4	-49.3
Change			-3.1

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Mar	14.1	22.6	-8.5
Apr	18.9	21.4	-2.4
Change			6.1

Wages



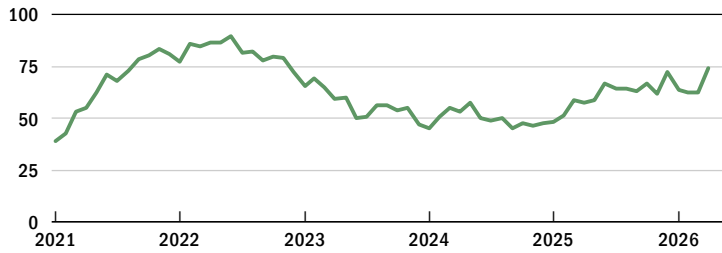
	Percent Reporting		Index
	Higher	Lower	
Mar	32.0	3.0	29.0
Apr	39.0	2.0	37.0
Change			8.0

Note: The current wages index is seasonally adjusted.

Current Indicators, *continued*

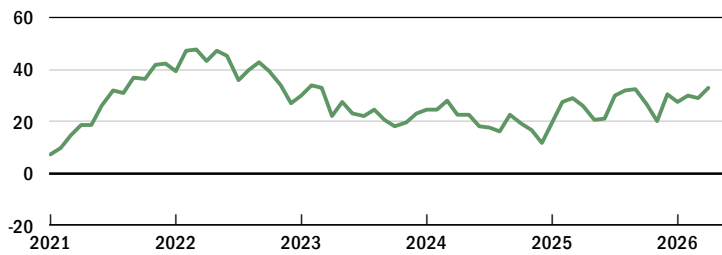
Change from Preceding Month

Prices Paid



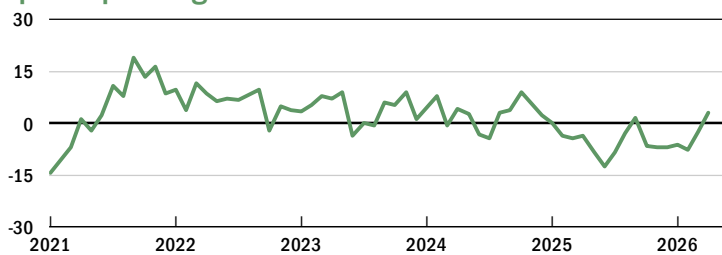
	Percent Reporting		Index
	Higher	Lower	
Mar	64.5	2.0	62.5
Apr	74.8	1.0	73.8
Change			11.3

Prices Received



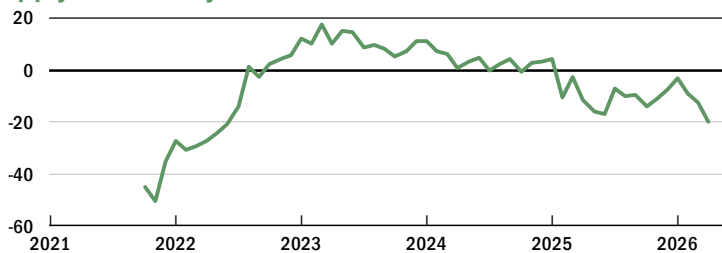
	Percent Reporting		Index
	Higher	Lower	
Mar	36.9	8.1	28.8
Apr	37.1	4.5	32.7
Change			3.9

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Mar	18.7	21.2	-2.5
Apr	22.9	20.0	2.9
Change			5.4

Supply Availability



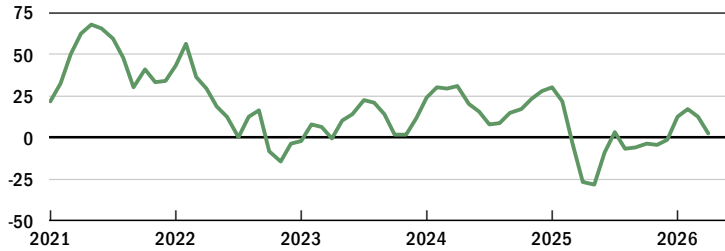
	Percent Reporting		Index
	Higher	Lower	
Mar	6.0	18.6	-12.6
Apr	6.3	26.3	-20.0
Change			-7.4

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

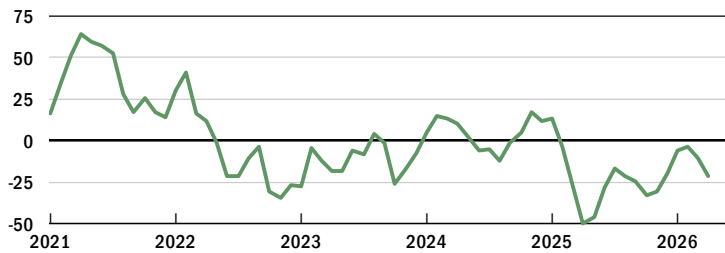
Expectations Six Months Ahead

Business Activity



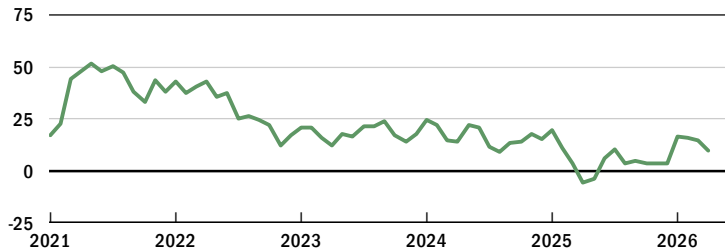
	Percent Reporting		Index
	Higher	Lower	
Mar	38.6	25.9	12.7
Apr	33.8	30.9	2.9
Change			-9.8

Business Climate



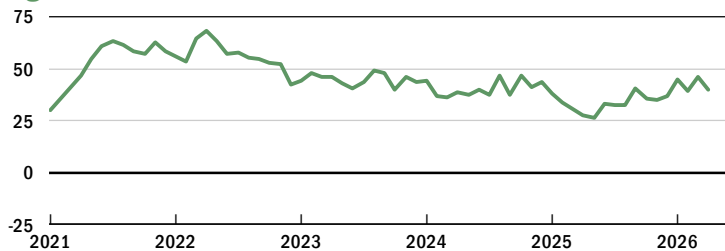
	Percent Reporting		Index
	Better	Worse	
Mar	26.8	37.4	-10.6
Apr	23.7	44.9	-21.3
Change			-10.7

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Mar	28.7	13.8	14.9
Apr	27.6	18.2	9.4
Change			-5.5

Wages



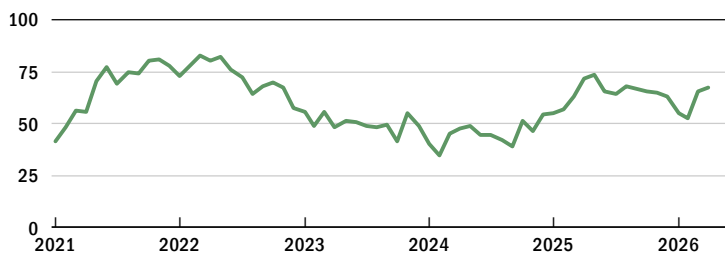
	Percent Reporting		Index
	Higher	Lower	
Mar	48.4	2.6	45.8
Apr	44.1	4.4	39.7
Change			-6.1

Note: The future wages index is seasonally adjusted.

Forward-Looking Indicators, *continued*

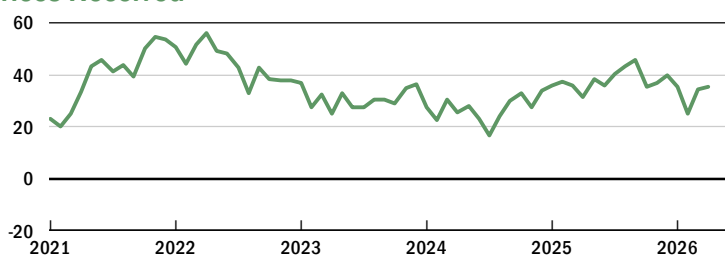
Expectations Six Months Ahead

Prices Paid



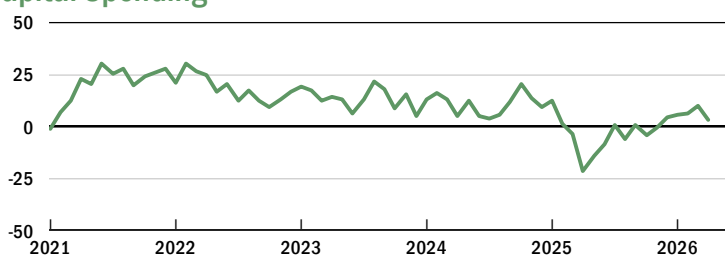
	Percent Reporting		Index
	Higher	Lower	
Mar	67.2	1.5	65.6
Apr	70.9	3.4	67.5
Change			1.9

Prices Received



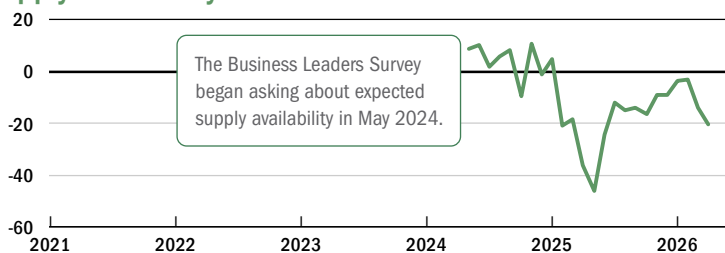
	Percent Reporting		Index
	Higher	Lower	
Mar	39.2	4.6	34.5
Apr	43.0	7.5	35.5
Change			1.0

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Mar	29.9	20.1	9.8
Apr	24.8	21.8	3.0
Change			-6.8

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Mar	9.0	23.1	-14.1
Apr	8.8	29.3	-20.5
Change			-6.4

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