

Business Leaders Survey

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

Activity in the region's service sector grew modestly, according to firms responding to the Federal Reserve Bank of New York's March 2019 *Business Leaders Survey*. The survey's headline business activity index fell three points to 10.8, indicating a slightly slower pace of growth than last month. The business climate index fell five points to -1.3, its near-zero level indicating that, on balance, firms regarded the business climate as normal. Employment levels climbed, and the wages index reached its highest level in more than a decade. Both the prices paid and prices received indexes remained elevated. Firms remained fairly optimistic about the six-month outlook.

Activity Grows Modestly

Business activity in the region's service sector expanded modestly in March.

The headline business activity index fell three points to 10.8, pointing to a somewhat slower pace of growth than in February. Thirty-five percent of respondents reported that conditions improved over the month, and 24 percent said that conditions worsened. The business climate index hovered around zero for a third consecutive month, signaling that, on balance, firms viewed the business climate as normal.

Wages Increase at Fastest Pace in a Decade

The employment index climbed seven points to 14.2, indicating that employment levels increased at a solid clip. The wages index rose ten points to 54.8, reaching its highest level in more than ten years, suggesting that wages increased at relatively steep pace. The prices paid index edged down two points to 56.8, indicating

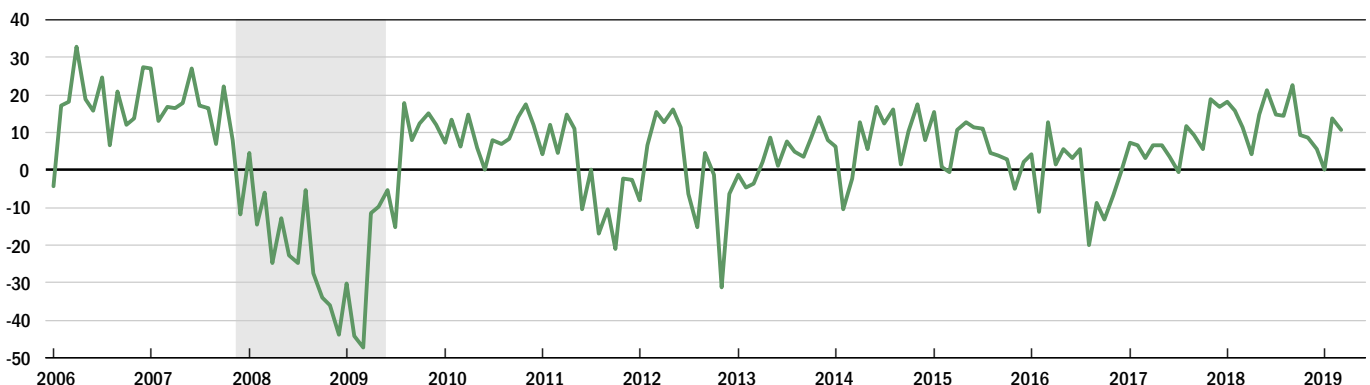
that input prices increased at a slightly slower pace than last month. The prices received index advanced three points to 27.5, a sign that selling prices increased at a somewhat faster pace. The capital spending index was little changed at 15.0, suggesting that capital spending increased at a respectable clip.

Firms Remain Fairly Optimistic

Indexes assessing the six-month outlook indicated that firms remained fairly optimistic about future conditions. The index for future business activity edged down two points to 29.2, and the index for future business climate was little changed at 7.6. The indexes for future employment and wages were both positive, but lower than last month, and the index for planned capital spending held steady at 27.3. ■

Business Activity

Diffusion Index

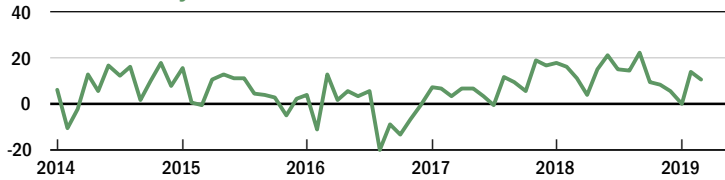


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

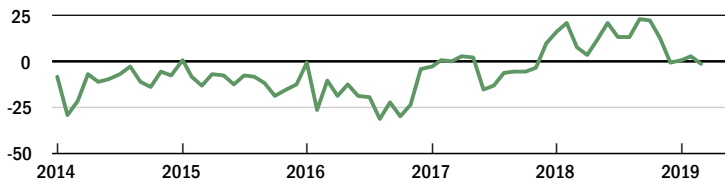
Change from Preceding Month

Business Activity



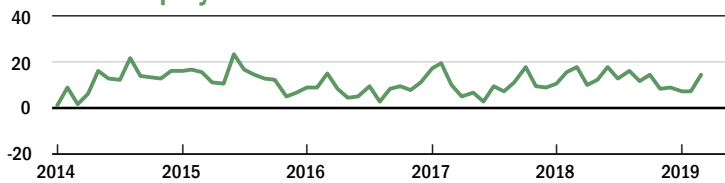
	Percent Reporting		Index
	Higher	Lower	
Feb	37.3	23.5	13.7
Mar	34.8	24.1	10.8
Change			-2.9

Business Climate



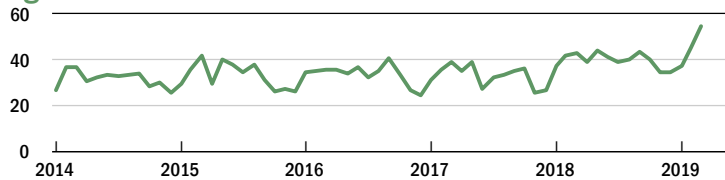
	Percent Reporting		Index
	Favorable	Unfavorable	
Feb	28.6	25.3	3.2
Mar	24.2	25.5	-1.3
Change			-4.5

Number of Employees



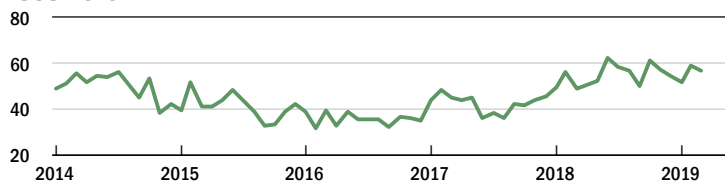
	Percent Reporting		Index
	Higher	Lower	
Feb	27.3	20.0	7.3
Mar	28.4	14.2	14.2
Change			6.9

Wages



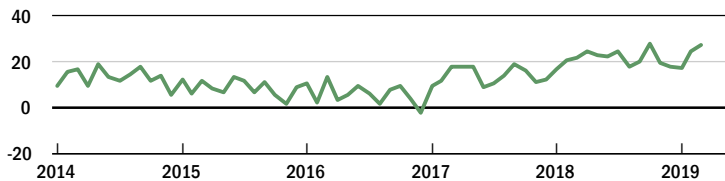
	Percent Reporting		Index
	Higher	Lower	
Feb	49.3	4.0	45.3
Mar	55.5	0.6	54.8
Change			9.5

Prices Paid



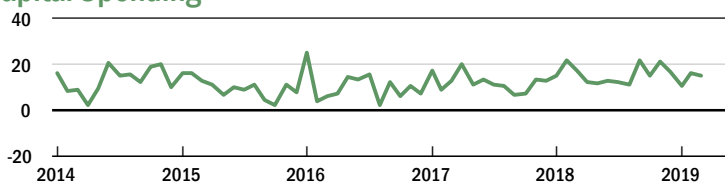
	Percent Reporting		Index
	Higher	Lower	
Feb	60.1	1.4	58.8
Mar	60.0	3.2	56.8
Change			-2.0

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Feb	32.9	8.1	24.8
Mar	35.9	8.5	27.5
Change			2.7

Capital Spending

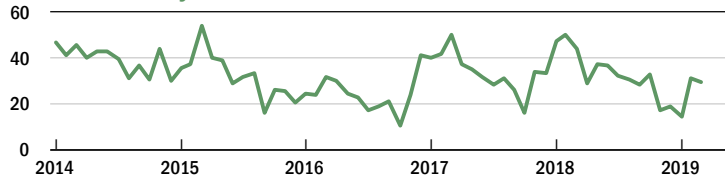


	Percent Reporting		Index
	Higher	Lower	
Feb	29.5	13.4	16.1
Mar	28.8	13.7	15.0
Change			-1.1

Forward-Looking Indicators

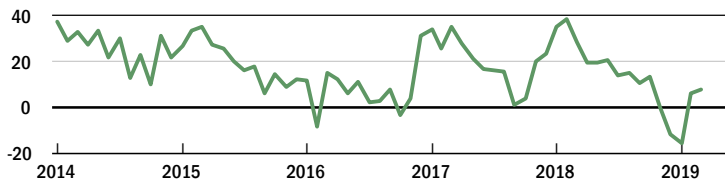
Expectations Six Months Ahead

Business Activity



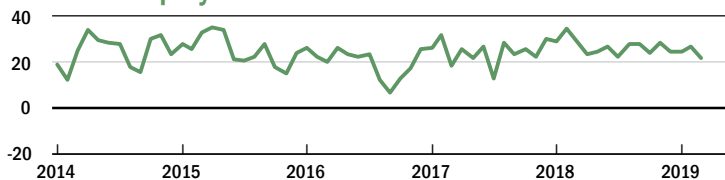
	Percent Reporting		Index
	Higher	Lower	
Feb	44.2	13.0	31.2
Mar	43.5	14.3	29.2
Change			-2.0

Business Climate



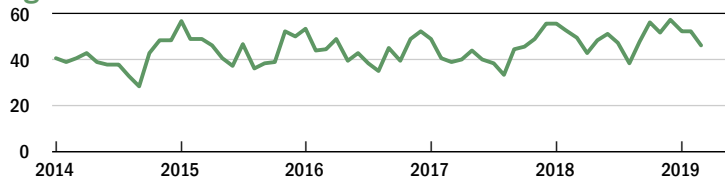
	Percent Reporting		Index
	Favorable	Unfavorable	
Feb	27.5	21.6	5.9
Mar	27.4	19.7	7.6
Change			1.7

Number of Employees



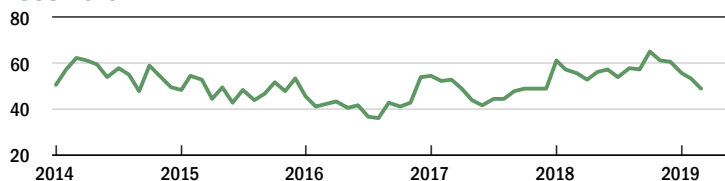
	Percent Reporting		Index
	Higher	Lower	
Feb	39.9	13.1	26.8
Mar	36.8	15.1	21.7
Change			-5.1

Wages



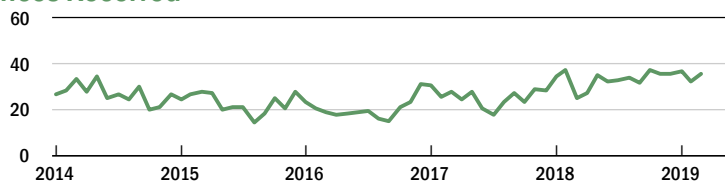
	Percent Reporting		Index
	Higher	Lower	
Feb	52.9	0.7	52.3
Mar	47.4	1.3	46.1
Change			-6.2

Prices Paid



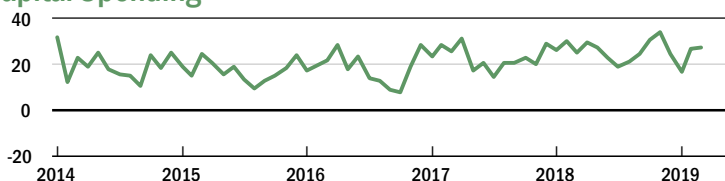
	Percent Reporting		Index
	Higher	Lower	
Feb	57.5	3.9	53.6
Mar	53.0	4.0	49.0
Change			-4.6

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Feb	37.1	4.6	32.5
Mar	40.4	4.6	35.8
Change			3.3

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Feb	39.0	12.3	26.6
Mar	39.6	12.3	27.3
Change			0.7