

Business Leaders Survey

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

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

Business activity grew at its fastest pace on record in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's June 2021 *Business Leaders Survey*. The survey's headline business activity index increased four points to 43.2. The business climate index rose ten points to 1.0, indicating that for the first time since the pandemic began, firms generally viewed the business climate as about normal for this time of year. Employment levels rose at a solid clip, and wages continued to increase. Both input and selling price increases picked up further. Capital spending held steady, and firms expect to increase capital spending significantly over the next six months. Looking ahead, firms expressed widespread optimism that conditions would improve, with the future business activity and future em-

ployment indexes just slightly below last month's record highs.

Activity Expands at Record-Setting Pace

Business activity in the region's service sector increased substantially, according to the June survey. The headline business activity index rose four points to 43.2, breaking last month's record high. Fifty-five percent of respondents reported that conditions improved over the month, while 12 percent said that conditions worsened. The business climate index rose ten points to 1.0, indicating that on net, firms viewed the business climate as about normal, for the first time in well over a year.

A Pickup in Employment

The employment index rose five points to 19.9, a multiyear high, pointing to a strong increase in employment levels. The wages

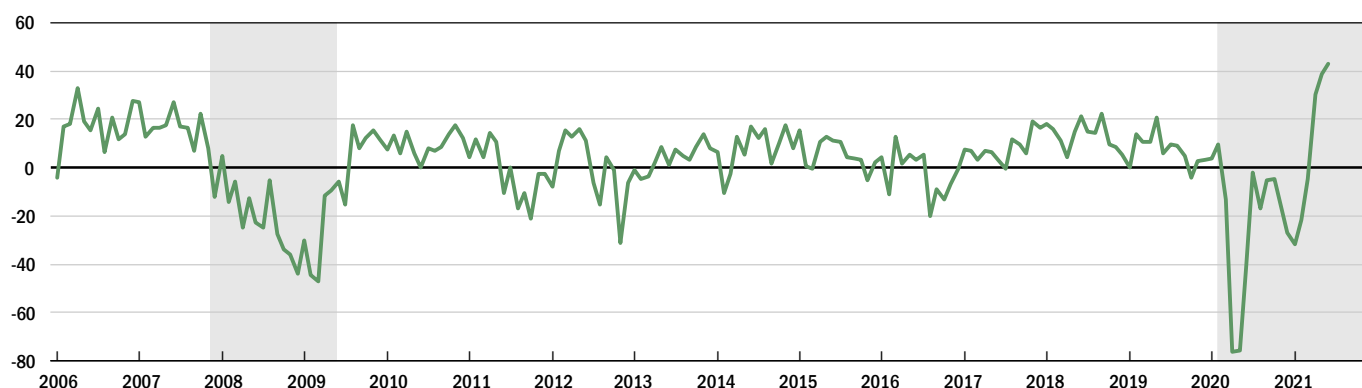
index held steady at 38.2, signaling ongoing significant wage growth. Price indexes remained elevated: the prices paid index climbed nine points to 71.2, and the prices received index increased seven points to 25.8. The capital spending index moved up to 2.1, suggesting that capital spending was little changed.

Ongoing Widespread Optimism about Future Conditions

At 66.0, the index for future business activity held near last month's record high, pointing to widespread optimism about future conditions. The future business climate index was little changed at 57.6. The index for future employment was similar to last month's record high. Wages and prices are expected to continue to rise significantly in the months ahead, and capital spending plans were the strongest in over two years. ■

Business Activity

Diffusion Index

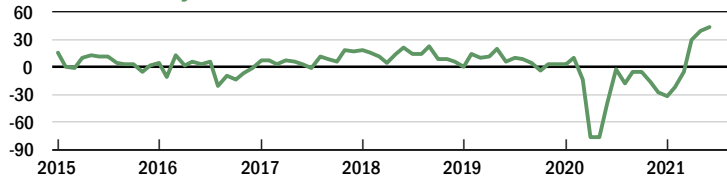


Note: The shaded areas indicate a period designated a recession by the National Bureau of Economic Research.

Current Indicators

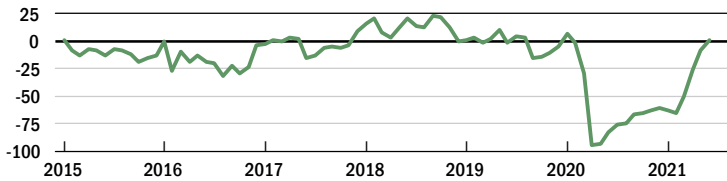
Change from Preceding Month

Business Activity



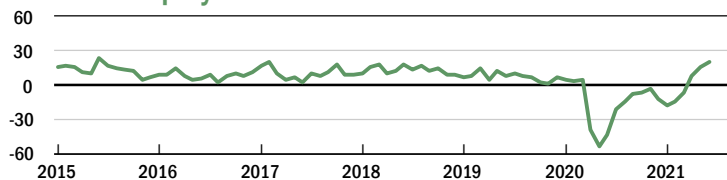
	Percent Reporting		Index
	Higher	Lower	
May	51.0	12.2	38.8
Jun	55.3	12.1	43.2
Change			4.4

Business Climate



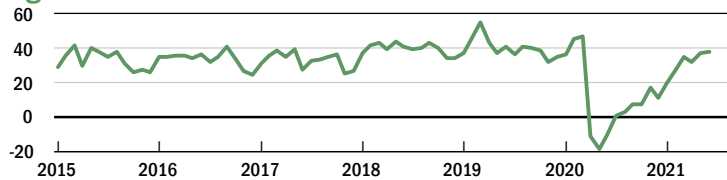
	Percent Reporting		Index
	Favorable	Unfavorable	
May	32.5	41.1	-8.5
Jun	37.5	36.5	1.0
Change			9.5

Number of Employees



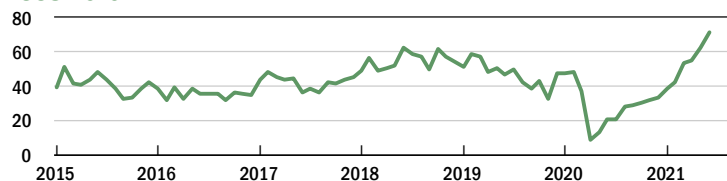
	Percent Reporting		Index
	Higher	Lower	
May	28.3	13.1	15.2
Jun	34.6	14.7	19.9
Change			4.7

Wages



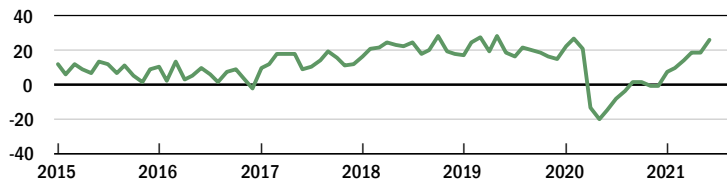
	Percent Reporting		Index
	Higher	Lower	
May	38.6	1.2	37.3
Jun	40.8	2.6	38.2
Change			0.9

Prices Paid



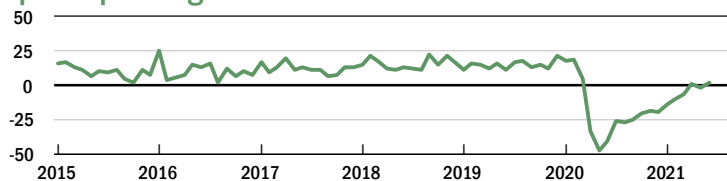
	Percent Reporting		Index
	Higher	Lower	
May	64.3	1.6	62.7
Jun	72.3	1.0	71.2
Change			8.5

Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	27.3	8.6	18.8
Jun	33.2	7.4	25.8
Change			7.0

Capital Spending

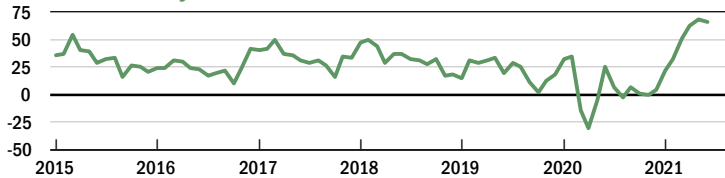


	Percent Reporting		Index
	Higher	Lower	
May	17.8	19.9	-2.1
Jun	20.5	18.4	2.1
Change			4.2

Forward-Looking Indicators

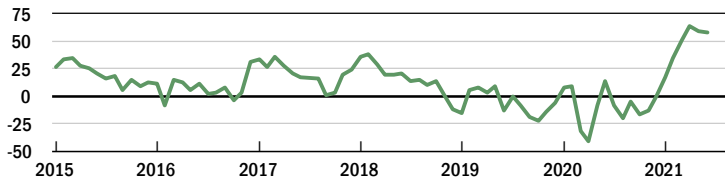
Expectations Six Months Ahead

Business Activity



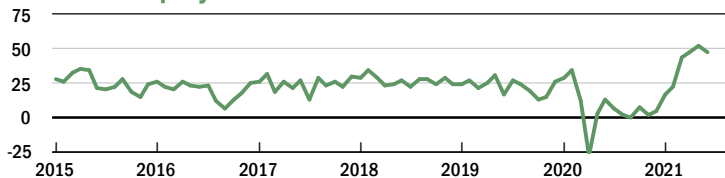
	Percent Reporting		Index
	Higher	Lower	
May	73.9	6.1	67.8
Jun	69.6	3.7	66.0
Change			-1.8

Business Climate



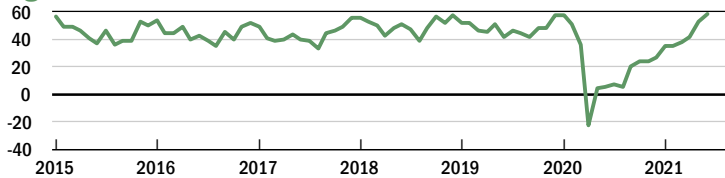
	Percent Reporting		Index
	Better	Worse	
May	68.2	8.6	59.6
Jun	66.0	8.4	57.6
Change			-2.0

Number of Employees



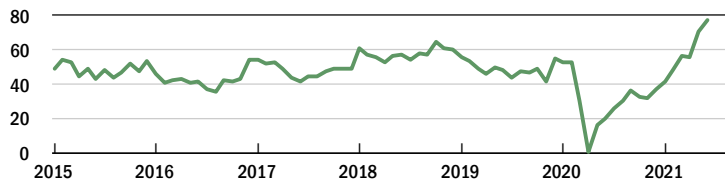
	Percent Reporting		Index
	Higher	Lower	
May	56.7	4.9	51.8
Jun	54.0	6.3	47.6
Change			-4.2

Wages



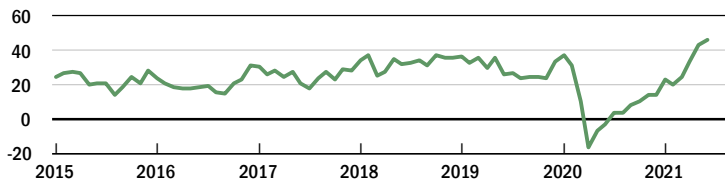
	Percent Reporting		Index
	Higher	Lower	
May	55.1	2.1	53.1
Jun	59.3	1.1	58.2
Change			5.1

Prices Paid



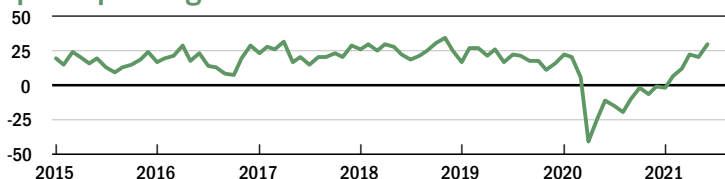
	Percent Reporting		Index
	Higher	Lower	
May	71.1	0.8	70.3
Jun	77.4	0.0	77.4
Change			7.1

Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	46.7	3.3	43.3
Jun	50.0	4.2	45.8
Change			2.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
May	33.9	13.5	20.4
Jun	40.7	10.6	30.2
Change			9.8