

Business Leaders Survey

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

Note: Survey responses were collected between June 3 and June 10.

Activity declined slightly in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s June 2024 *Business Leaders Survey*. The survey’s headline business activity index fell eight points to -4.7. The business climate index edged up three points but remained negative at -23.0, suggesting the business climate remains worse than normal. Employment growth picked up, and wages increased at a similar pace to the prior couple of months. Supply availability—a new monthly indicator now included in these reports—improved modestly, while input and selling price increases both moderated. Capital spending declined. Looking ahead, optimism remained subdued, with only about a third of firms expecting activity to pick up over the next six months.

Activity Contracts

Business activity fell slightly in the New York-Northern New Jersey region, according to the June survey. After poking

ECONOMIST COMMENTARY

“Business conditions were sluggish in the New York-Northern New Jersey region’s service sector in June. Business activity edged lower and the business climate remained worse than normal, though employment grew at a decent clip.”

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

above zero last month, the headline business activity index fell eight points to -4.7. Twenty-five percent of respondents reported that conditions improved over the month and 30 percent said that conditions worsened. The business climate index moved up three points but remained firmly negative at -23.0, pointing to an ongoing worsening of the business climate.

Employment Increases

Despite the decline in business activity, the employment index rose six points to 9.4, suggesting that employment growth picked up. The wages index held steady at 33.0, a level similar to the prior two

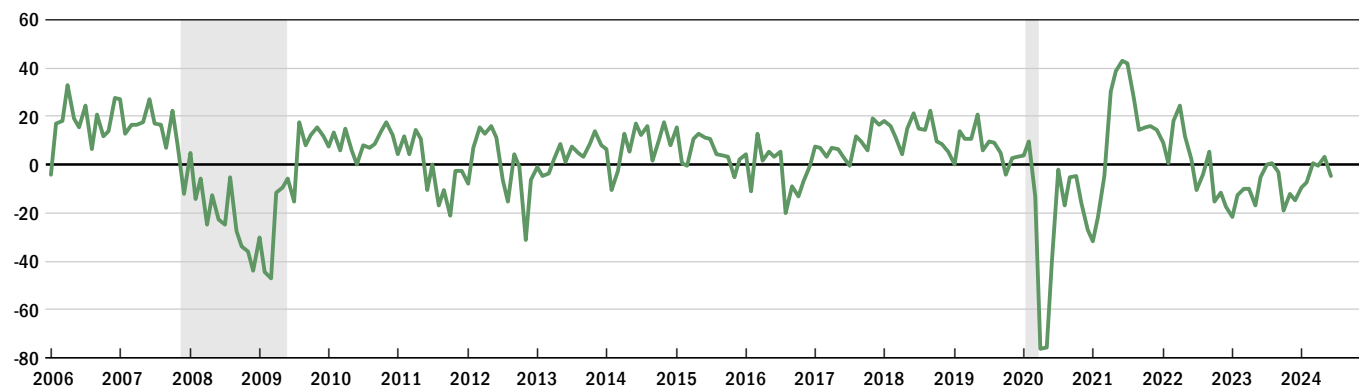
months, indicating that wage increases were little changed. The prices paid index moved down eight points to 50.0, and the prices received index fell five points to 17.9, indicating that price increases moderated. The capital spending index fell to -3.2, its lowest level in a year.

Optimism Remains Subdued

The index for future business activity fell five points to 15.7, and the index for the future business climate fell seven points to -5.8, suggesting that firms were not very optimistic about future conditions. However, employment is expected to increase in the months ahead. ■

Business Activity

Diffusion Index

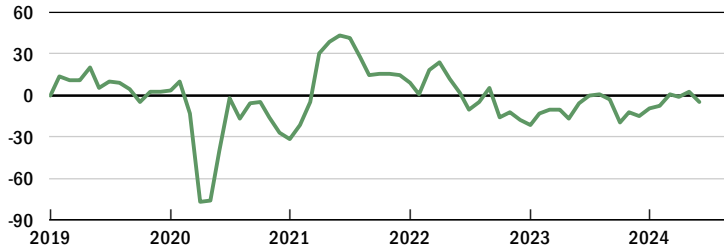


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

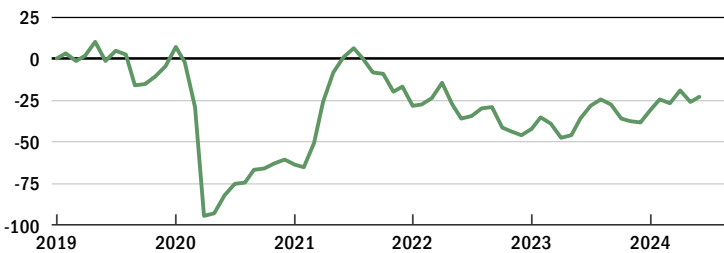
Change from Preceding Month

Business Activity



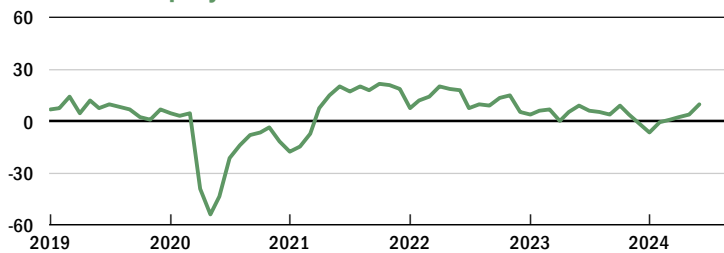
	Percent Reporting		Index
	Higher	Lower	
May	28.3	25.3	3.0
Jun	24.7	29.5	-4.7
Change			-7.7

Business Climate



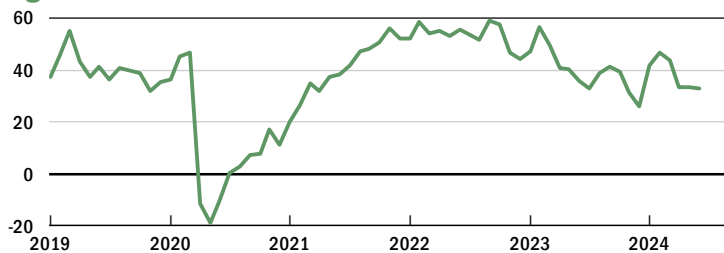
	Percent Reporting		Index
	Favorable	Unfavorable	
May	15.1	40.7	-25.6
Jun	14.7	37.7	-23.0
Change			2.6

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
May	20.1	16.6	3.5
Jun	25.1	15.7	9.4
Change			5.9

Wages

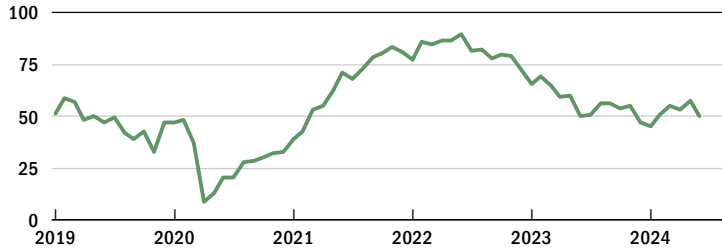


	Percent Reporting		Index
	Higher	Lower	
May	35.7	2.5	33.2
Jun	35.1	2.1	33.0
Change			-0.2

Current Indicators, *continued*

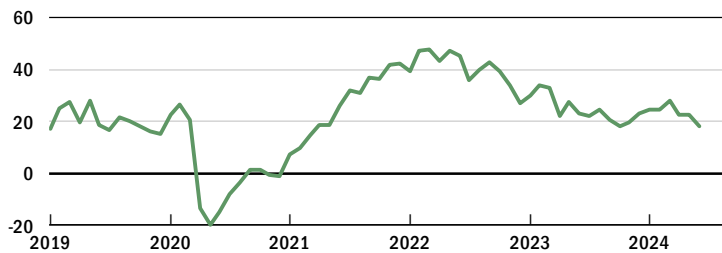
Change from Preceding Month

Prices Paid



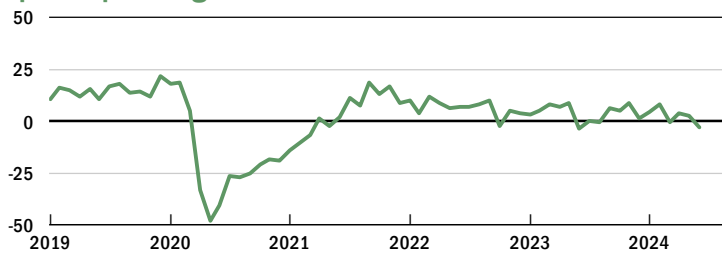
	Percent Reporting		Index
	Higher	Lower	
May	60.6	3.0	57.6
Jun	52.1	2.1	50.0
Change			-7.6

Prices Received



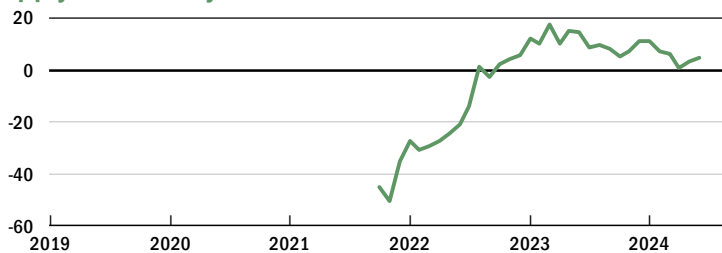
	Percent Reporting		Index
	Higher	Lower	
May	30.6	8.2	22.4
Jun	25.8	7.9	17.9
Change			-4.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
May	20.7	18.2	2.5
Jun	18.9	22.1	-3.2
Change			-5.7

Supply Availability



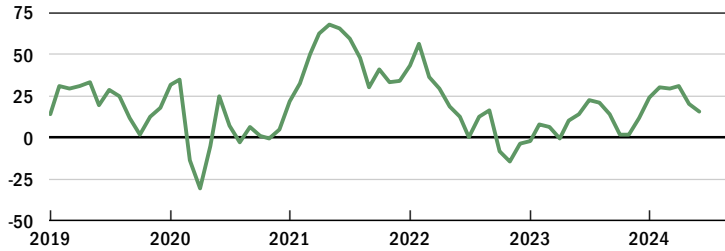
	Percent Reporting		Index
	Higher	Lower	
May	11.3	8.2	3.1
Jun	12.5	7.8	4.7
Change			1.6

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

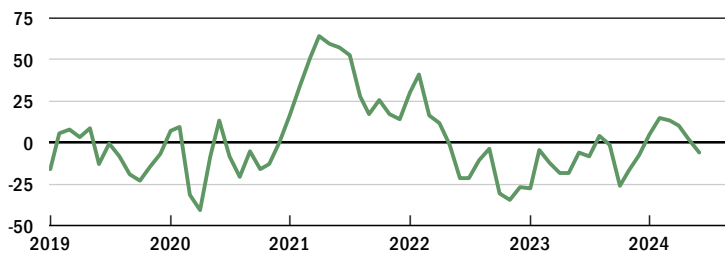
Expectations Six Months Ahead

Business Activity



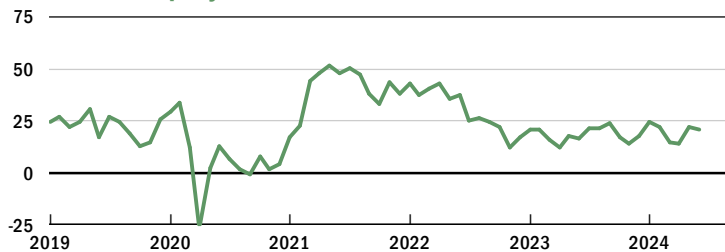
	Percent Reporting		Index
	Higher	Lower	
May	37.2	16.6	20.6
Jun	34.0	18.3	15.7
Change			-4.9

Business Climate



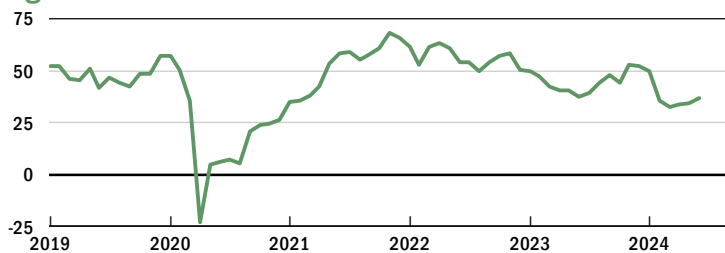
	Percent Reporting		Index
	Better	Worse	
May	24.1	22.6	1.5
Jun	20.4	26.2	-5.8
Change			-7.3

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
May	29.8	7.4	22.3
Jun	28.3	7.5	20.9
Change			-1.4

Wages

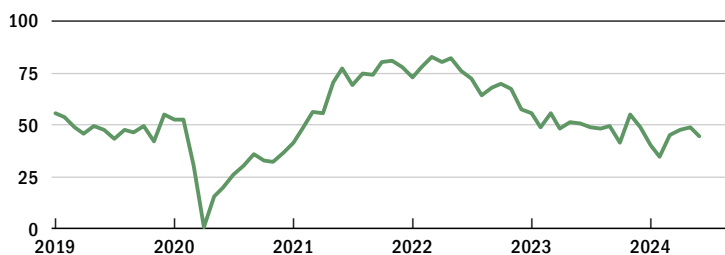


	Percent Reporting		Index
	Higher	Lower	
May	36.7	2.1	34.6
Jun	38.7	2.2	36.6
Change			2.0

Forward-Looking Indicators, *continued*

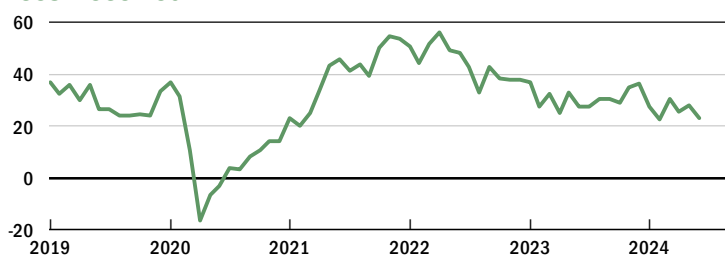
Expectations Six Months Ahead

Prices Paid



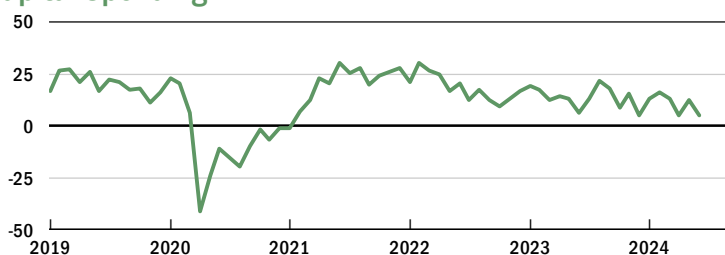
	Percent Reporting		Index
	Higher	Lower	
May	51.1	2.1	48.9
Jun	46.5	2.1	44.4
Change			-4.5

Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	34.8	7.0	27.8
Jun	30.3	7.0	23.2
Change			-4.6

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
May	25.7	13.4	12.3
Jun	23.5	18.7	4.8
Change			-7.5

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
May	14.7	6.1	8.6
Jun	16.8	6.8	9.9
Change			1.3

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