

Business Leaders Survey

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

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

Business activity held steady in the region’s service sector in August, according to firms responding to the Federal Reserve Bank of New York’s *Business Leaders Survey*. The survey’s headline business activity index moved up six points to 1.8. The business climate index was little changed at -25.0, suggesting the business climate remains worse than normal. Employment expanded, albeit at a slower pace than in recent months, and wages increased at about the same pace as in recent months. Supply availability improved slightly. Input and selling price increases were little changed. Capital spending grew a touch after declining for the prior two months. Looking ahead, firms were not very optimistic that conditions would improve in the months ahead.

Conditions Somewhat Better Than in Recent Months

Business activity was little changed in the New York-Northern New Jersey

ECONOMIST COMMENTARY

“Business activity was little changed in the New York-Northern New Jersey region’s service sector in August. Employment continued to expand, though at a slower pace than in recent months. Firms were not very optimistic that conditions would improve over the next six months.”

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

region, according to the August survey. The headline business activity index climbed six points to 1.8, rising above zero for the first time since May. Twenty-nine percent of respondents reported that conditions improved over the month and 27 percent said that conditions worsened. The business climate index held steady at -25.0, pointing to an ongoing worsening in the business climate.

Employment Continues to Grow

The employment index remained positive for a sixth consecutive month, though it fell five points to 7.0. The wages index came in at 33.3, a level similar to the

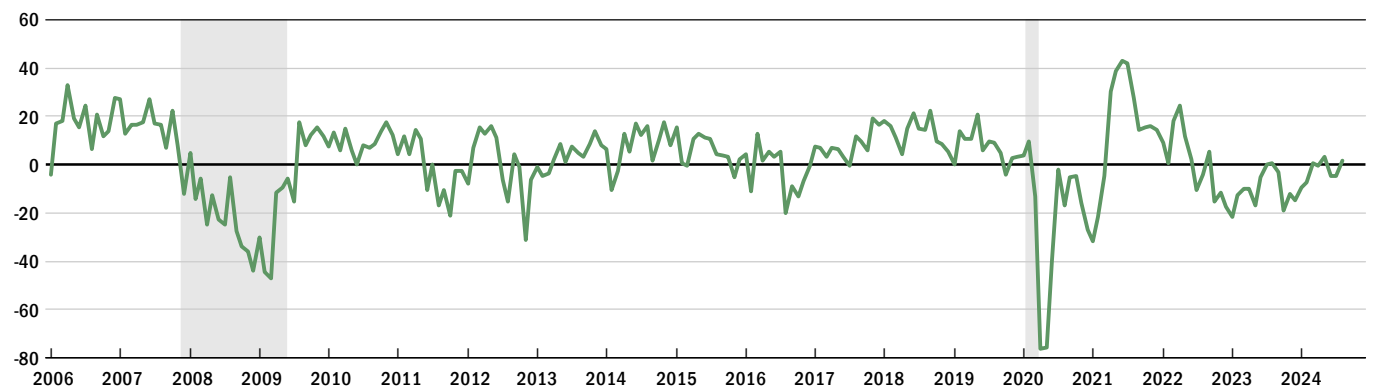
prior few months, indicating that wage increases were steady. Both the prices paid and prices received indexes were similar to the prior two months, suggesting price increases held steady. The capital spending index was slightly positive at 3.0.

Firms Not Very Optimistic

The index for future business activity was little changed at 8.7, and the index for the future business climate remained negative at -12.3, suggesting that firms were not very optimistic that conditions would improve over the next six months. The outlook for future employment growth fell to a multiyear low. ■

Business Activity

Diffusion Index

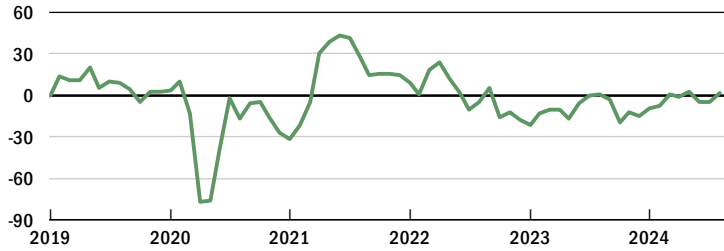


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

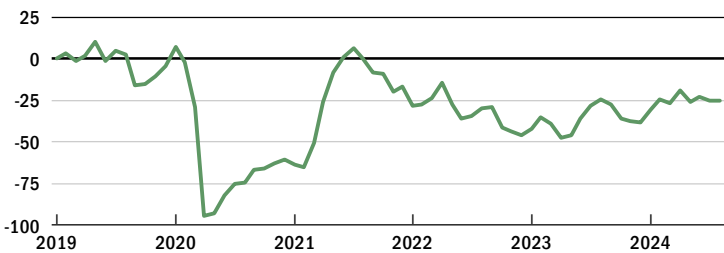
Change from Preceding Month

Business Activity



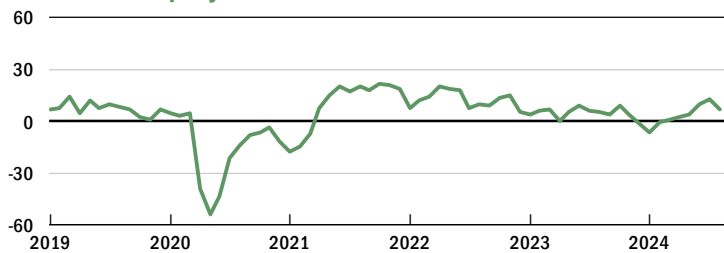
	Percent Reporting		Index
	Higher	Lower	
Jul	26.6	31.1	-4.5
Aug	29.0	27.2	1.8
Change			6.3

Business Climate



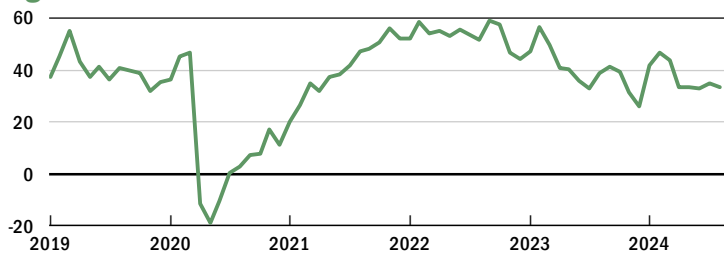
	Percent Reporting		Index
	Favorable	Unfavorable	
Jul	11.9	37.3	-25.4
Aug	13.4	38.4	-25.0
Change			0.4

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jul	28.8	16.4	12.4
Aug	24.6	17.5	7.0
Change			-5.4

Wages

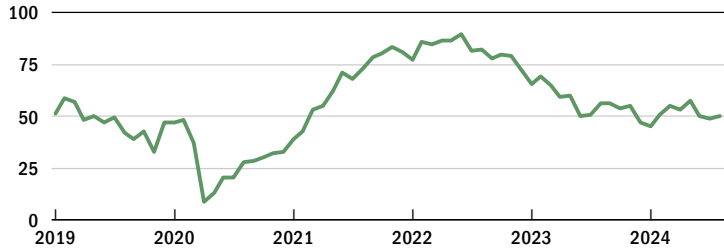


	Percent Reporting		Index
	Higher	Lower	
Jul	38.4	3.4	35.0
Aug	34.5	1.2	33.3
Change			-1.7

Current Indicators, *continued*

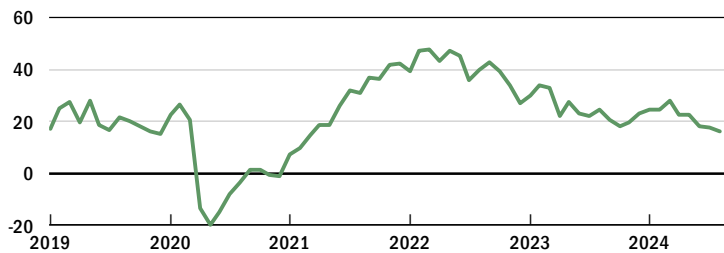
Change from Preceding Month

Prices Paid



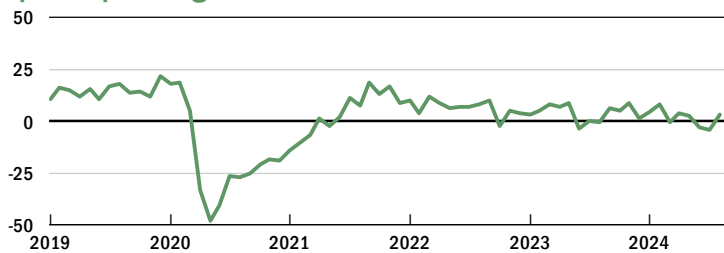
	Percent Reporting		Index
	Higher	Lower	
Jul	52.0	3.4	48.6
Aug	52.1	1.8	50.3
Change			1.7

Prices Received



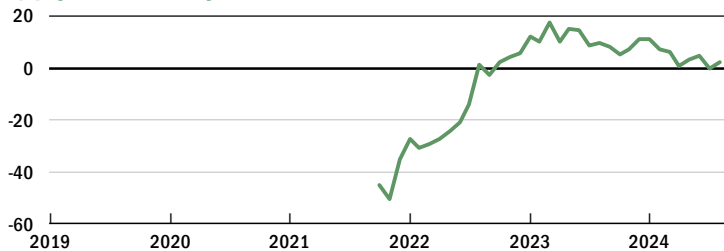
	Percent Reporting		Index
	Higher	Lower	
Jul	25.7	8.0	17.7
Aug	24.9	8.9	16.0
Change			-1.7

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jul	18.1	22.6	-4.5
Aug	20.1	17.2	3.0
Change			7.5

Supply Availability



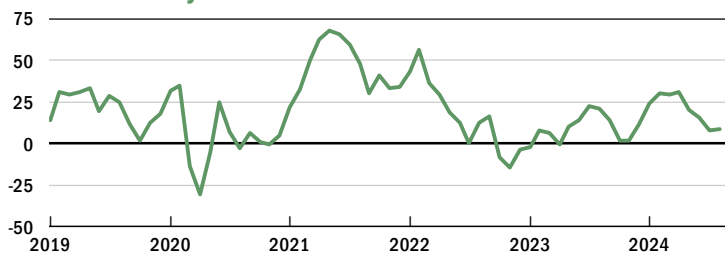
	Percent Reporting		Index
	Higher	Lower	
Jul	9.1	9.1	0.0
Aug	12.3	9.9	2.3
Change			2.3

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

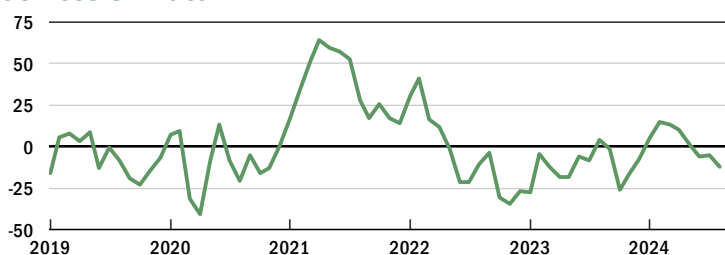
Expectations Six Months Ahead

Business Activity



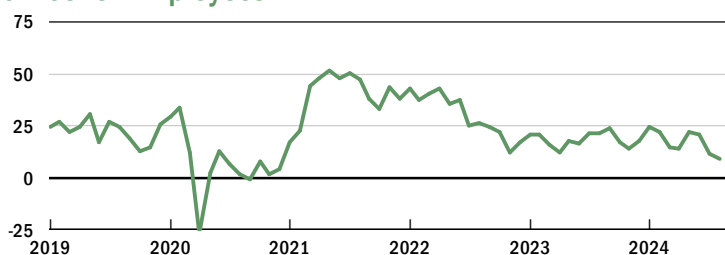
	Percent Reporting		
	Higher	Lower	Index
Jul	30.7	22.7	8.0
Aug	31.4	22.7	8.7
Change			0.7

Business Climate



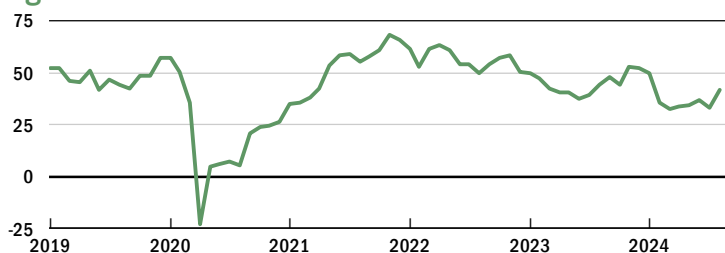
	Percent Reporting		
	Better	Worse	Index
Jul	18.6	23.7	-5.1
Aug	20.5	32.7	-12.3
Change			-7.2

Number of Employees



	Percent Reporting		
	Higher	Lower	Index
Jul	27.3	15.7	11.6
Aug	24.1	14.8	9.3
Change			-2.3

Wages

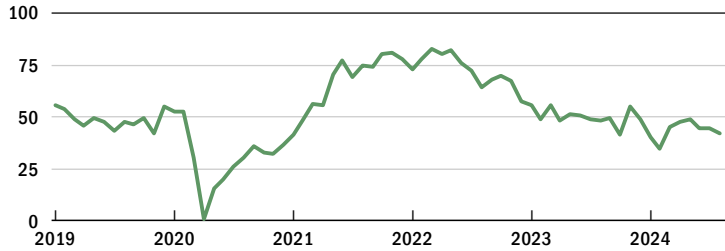


	Percent Reporting		
	Higher	Lower	Index
Jul	36.3	2.9	33.3
Aug	43.8	1.9	41.9
Change			8.6

Forward-Looking Indicators, *continued*

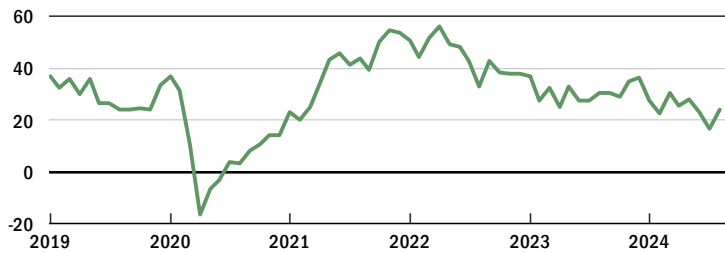
Expectations Six Months Ahead

Prices Paid



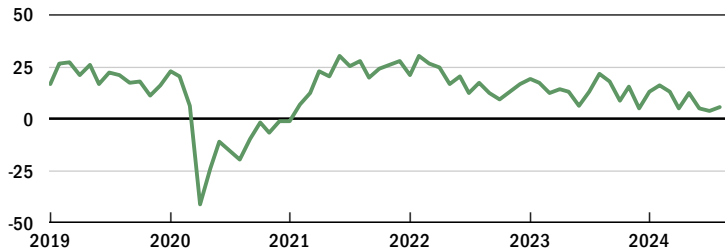
	Percent Reporting		Index
	Higher	Lower	
Jul	47.1	2.3	44.8
Aug	45.0	3.1	41.9
Change			-2.9

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jul	25.7	9.4	16.4
Aug	31.1	6.8	24.2
Change			7.8

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jul	23.8	20.3	3.5
Aug	23.6	18.0	5.6
Change			2.1

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Jul	9.1	7.4	1.7
Aug	14.1	8.2	5.9
Change			4.2

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