

Business Leaders Survey

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

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

Business activity held steady in the region’s service sector in September, according to firms responding to the Federal Reserve Bank of New York’s *Business Leaders Survey*. The survey’s headline business activity index came in at 0.5. The business climate index was little changed at -23.3, suggesting the business climate remains worse than normal. Employment grew only slightly, and wages increased at about the same pace as in recent months. Supply availability improved somewhat. Input price increases slowed, while selling price increases picked up. Capital spending continued to edge higher. Looking ahead, while firms were somewhat more positive about the outlook than last month, optimism remained subdued.

Activity Holds Steady

Business activity was little changed in the New York-Northern New Jersey region, according to the September survey. The headline business activity index

ECONOMIST COMMENTARY

“Business activity held steady in the New York-Northern New Jersey region’s service sector in September, and employment growth slowed. While firms were somewhat more positive about the outlook than last month, optimism remained subdued.”

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

came in at 0.5. Twenty-seven percent of respondents reported that conditions improved over the month and 26 percent said that conditions worsened. The business climate index was similar to last month at -23.3, pointing to an ongoing worsening in the business climate.

Employment Growth Slows

The employment index fell for a second consecutive month, retreating four points to 3.1, a sign that employment growth was minor. The wages index came in at 35.4, a level similar to the prior few months, signaling that wage increases were steady. The prices paid index fell five points to

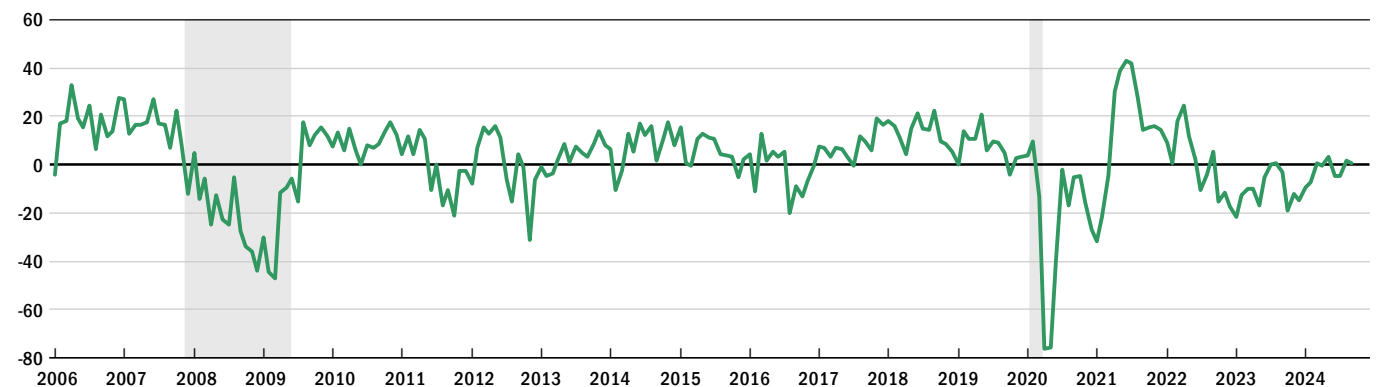
45.3, indicating input price increases moderated, while the prices received index rose seven points to 22.5, suggesting selling price increases picked up. The capital spending index was slightly positive at 3.7.

Optimism Remains Subdued

The index for future business activity climbed seven points to 15.2, and the index for the future business climate climbed to -1.6, pointing to some improvement in optimism compared to last month, though optimism remained subdued. Modest increases in employment are expected in the months ahead. ■

Business Activity

Diffusion Index

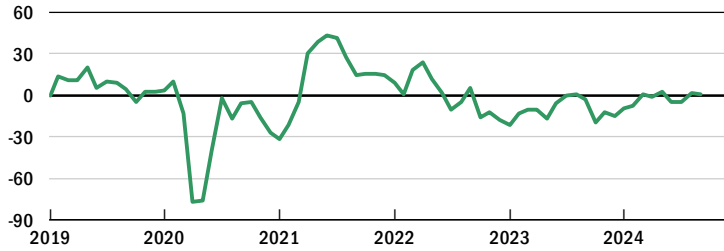


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

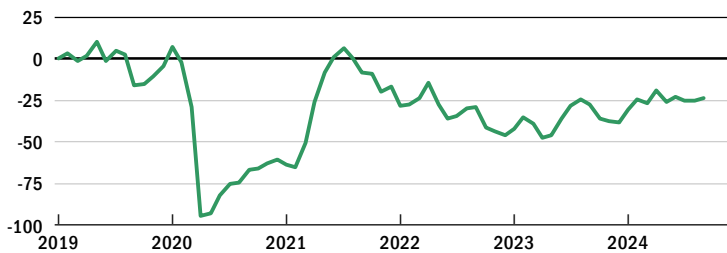
Change from Preceding Month

Business Activity



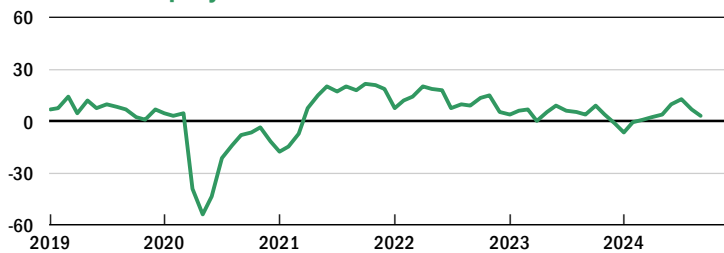
	Percent Reporting		Index
	Higher	Lower	
Aug	29.0	27.2	1.8
Sep	26.6	26.0	0.5
Change			-1.3

Business Climate



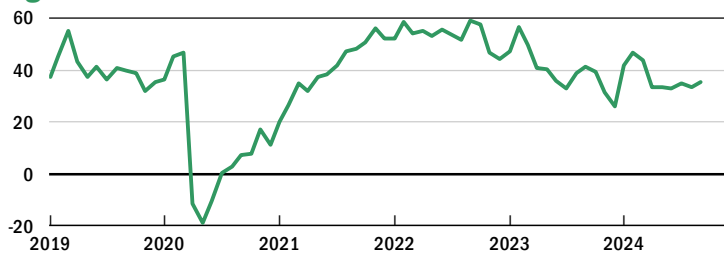
	Percent Reporting		Index
	Favorable	Unfavorable	
Aug	13.4	38.4	-25.0
Sep	13.0	36.3	-23.3
Change			1.7

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Aug	24.6	17.5	7.0
Sep	22.4	19.3	3.1
Change			-3.9

Wages

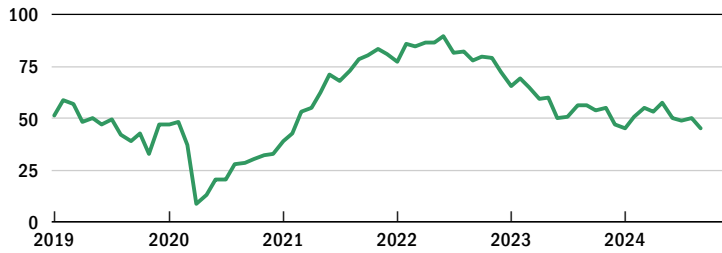


	Percent Reporting		Index
	Higher	Lower	
Aug	34.5	1.2	33.3
Sep	35.9	0.5	35.4
Change			2.1

Current Indicators, *continued*

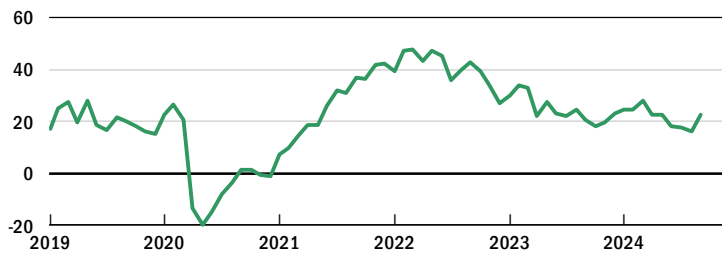
Change from Preceding Month

Prices Paid



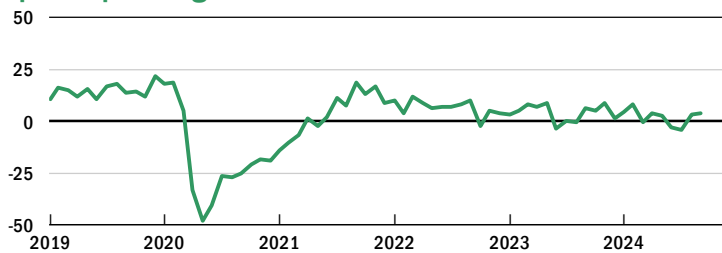
	Percent Reporting		Index
	Higher	Lower	
Aug	52.1	1.8	50.3
Sep	47.9	2.6	45.3
Change			-5.0

Prices Received



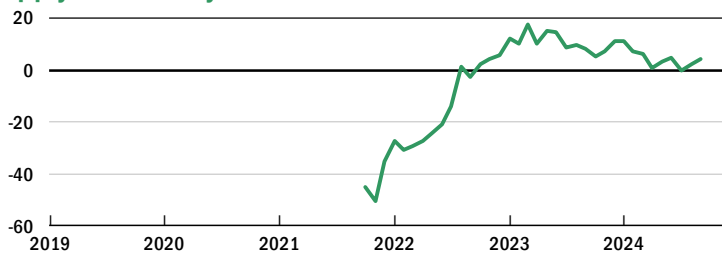
	Percent Reporting		Index
	Higher	Lower	
Aug	24.9	8.9	16.0
Sep	26.2	3.7	22.5
Change			6.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Aug	20.1	17.2	3.0
Sep	20.9	17.3	3.7
Change			0.7

Supply Availability



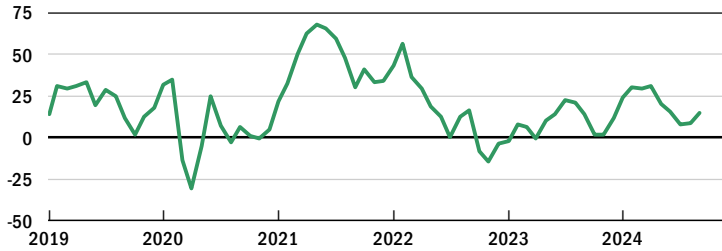
	Percent Reporting		Index
	Higher	Lower	
Aug	12.3	9.9	2.3
Sep	12.6	8.4	4.2
Change			1.9

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

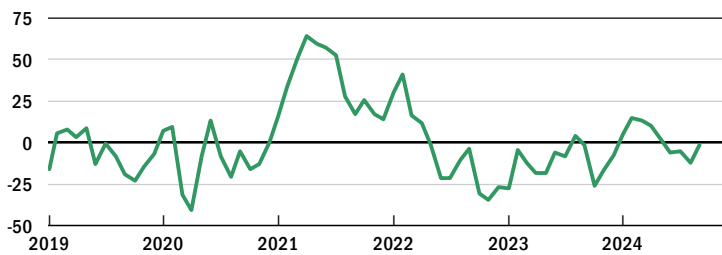
Expectations Six Months Ahead

Business Activity



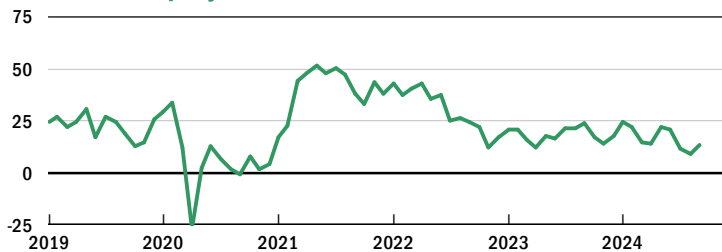
	Percent Reporting		Index
	Higher	Lower	
Aug	31.4	22.7	8.7
Sep	34.6	19.4	15.2
Change			6.5

Business Climate



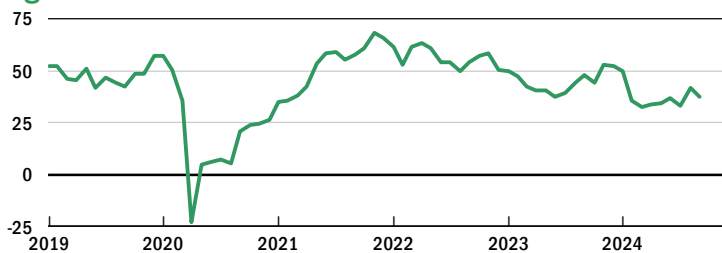
	Percent Reporting		Index
	Better	Worse	
Aug	20.5	32.7	-12.3
Sep	24.0	25.5	-1.6
Change			10.7

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Aug	24.1	14.8	9.3
Sep	23.7	10.2	13.4
Change			4.1

Wages

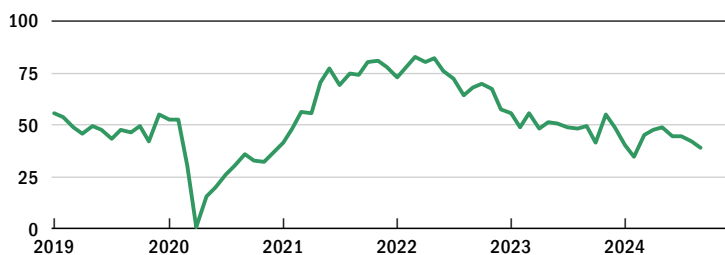


	Percent Reporting		Index
	Higher	Lower	
Aug	43.8	1.9	41.9
Sep	40.3	2.7	37.6
Change			-4.3

Forward-Looking Indicators, *continued*

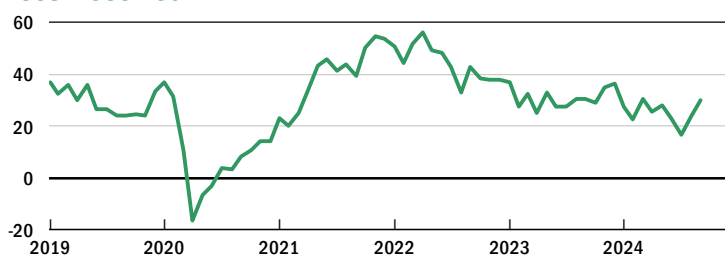
Expectations Six Months Ahead

Prices Paid



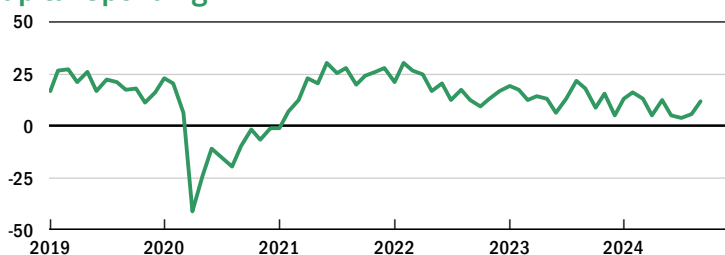
	Percent Reporting		Index
	Higher	Lower	
Aug	45.0	3.1	41.9
Sep	44.1	4.8	39.2
Change			-2.7

Prices Received



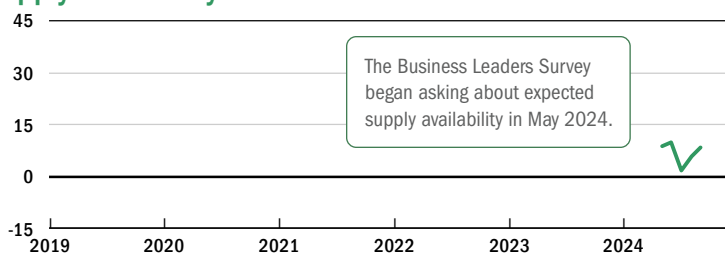
	Percent Reporting		Index
	Higher	Lower	
Aug	31.1	6.8	24.2
Sep	35.1	5.4	29.7
Change			5.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Aug	23.6	18.0	5.6
Sep	25.1	13.7	11.5
Change			5.9

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Aug	14.1	8.2	5.9
Sep	15.0	6.7	8.3
Change			2.4

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