

Business Leaders Survey

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

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

Business activity was little changed in the region’s service sector in October, according to firms responding to the Federal Reserve Bank of New York’s *Business Leaders Survey*. The survey’s headline business activity index continued to hover around zero, coming in at -2.2. The business climate index edged down to -26.0, suggesting the business climate remains worse than normal. Employment continued to grow slightly, and wage increases moderated. Supply availability was steady. Input price increases were just slightly higher than last month, while selling price increases were somewhat lower. Capital spending picked up but remained modest. Looking ahead, firms remained somewhat positive that conditions would improve in the months ahead, but optimism remained subdued.

Activity Continues to Hold Steady

As has been the case in recent months, business activity was little changed in the New York-Northern New Jersey region, according to the October survey. The headline business activity index edged down

ECONOMIST COMMENTARY

“Business activity remained steady and employment grew slightly in the New York-Northern New Jersey region’s service sector in October. Optimism about future conditions continued to improve but remained subdued.”

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

to -2.2. Twenty-eight percent of respondents reported that conditions improved over the month and 30 percent said that conditions worsened. The business climate index was similar to last month at -26.0, pointing to an ongoing worsening business climate.

Employment Growth Remains Sluggish

The employment index held steady at 4.4, a sign that employment grew, but only to a small degree. The wages index fell seven points to 28.3, its lowest level in nearly a year, indicating that wage increases slowed. The prices paid index edged up three points to 47.8, indicating input price increases were slightly stronger than last month, while the prices

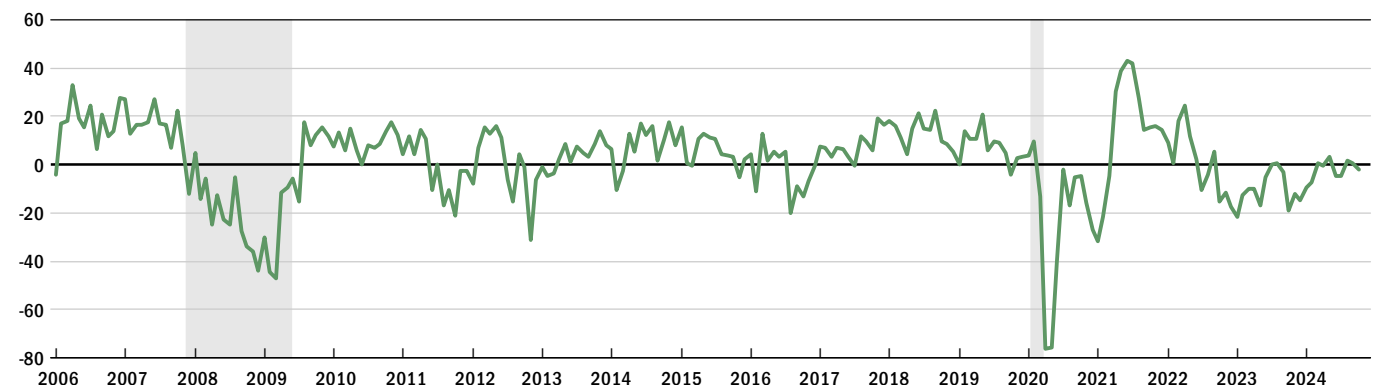
received index fell four points to 19.0, suggesting selling price increases slowed somewhat. The capital spending index picked up several points to 8.9, indicating that capital spending grew modestly.

Optimism Remains Subdued

The index for future business activity edged up two points to 17.3, and the index for the future business climate climbed seven points to 4.9, its first positive reading in several months, the two readings 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

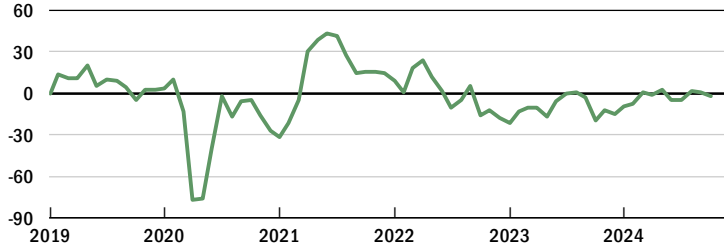


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

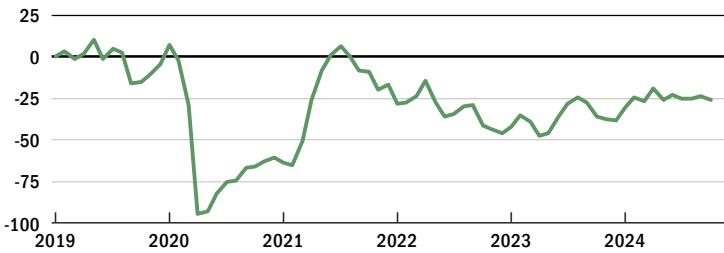
Change from Preceding Month

Business Activity



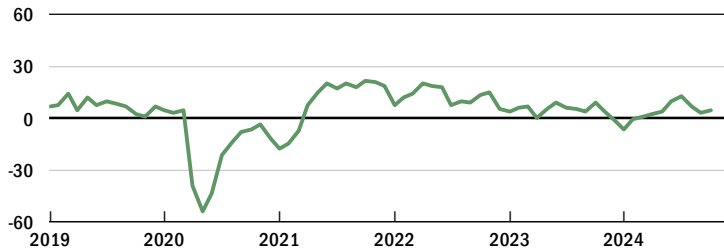
	Percent Reporting		Index
	Higher	Lower	
Sep	26.6	26.0	0.5
Oct	28.0	30.2	-2.2
Change			-2.7

Business Climate



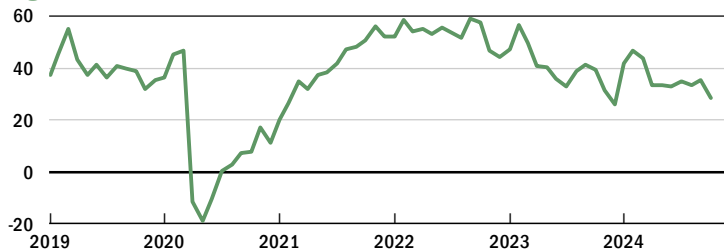
	Percent Reporting		Index
	Favorable	Unfavorable	
Sep	13.0	36.3	-23.3
Oct	14.9	40.9	-26.0
Change			-2.7

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Sep	22.4	19.3	3.1
Oct	19.4	15.0	4.4
Change			1.3

Wages

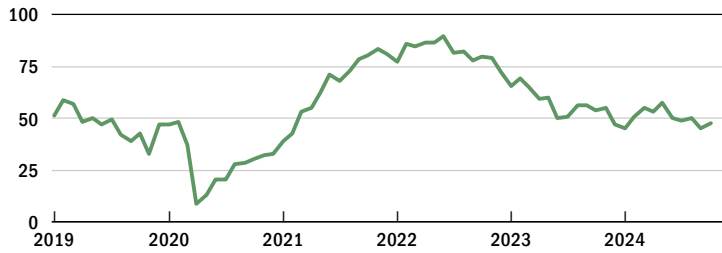


	Percent Reporting		Index
	Higher	Lower	
Sep	35.9	0.5	35.4
Oct	30.6	2.2	28.3
Change			-7.1

Current Indicators, *continued*

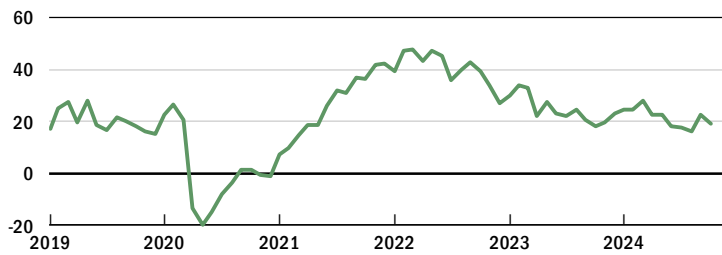
Change from Preceding Month

Prices Paid



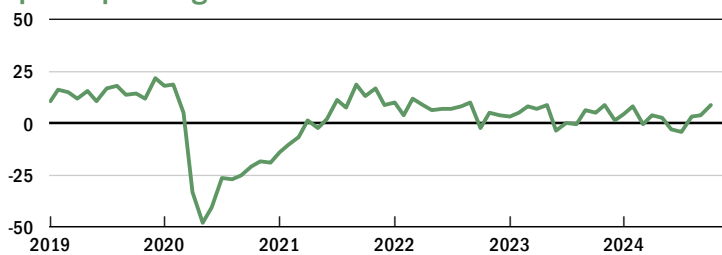
	Percent Reporting		Index
	Higher	Lower	
Sep	47.9	2.6	45.3
Oct	50.0	2.2	47.8
Change			2.5

Prices Received



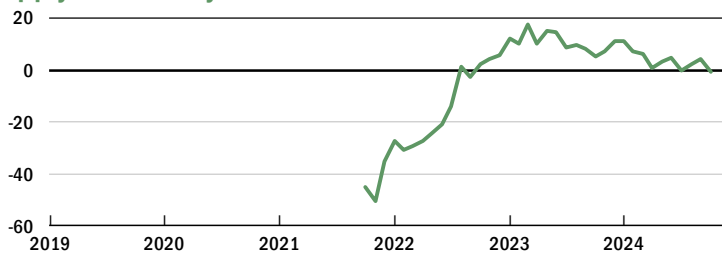
	Percent Reporting		Index
	Higher	Lower	
Sep	26.2	3.7	22.5
Oct	24.6	5.6	19.0
Change			-3.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Sep	20.9	17.3	3.7
Oct	22.8	13.9	8.9
Change			5.2

Supply Availability



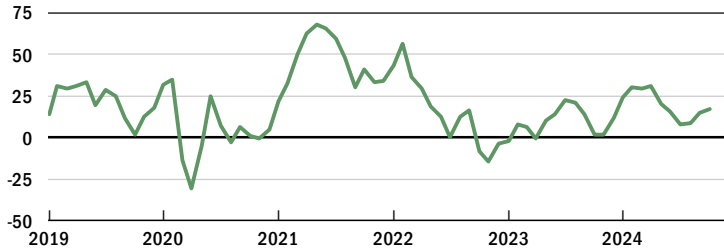
	Percent Reporting		Index
	Higher	Lower	
Sep	12.6	8.4	4.2
Oct	9.9	10.4	-0.5
Change			-4.7

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

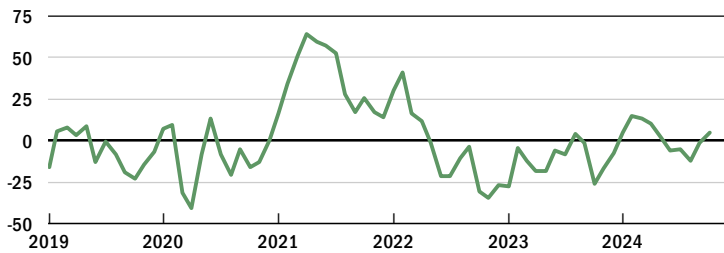
Expectations Six Months Ahead

Business Activity



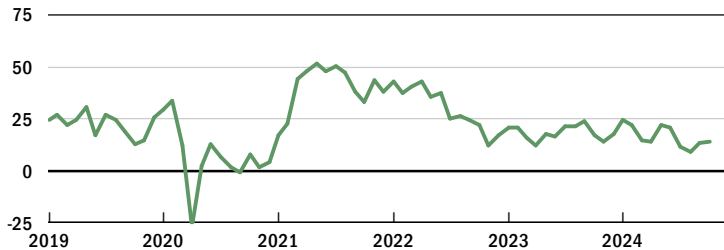
	Percent Reporting		Index
	Higher	Lower	
Sep	34.6	19.4	15.2
Oct	36.3	19.0	17.3
Change			2.1

Business Climate



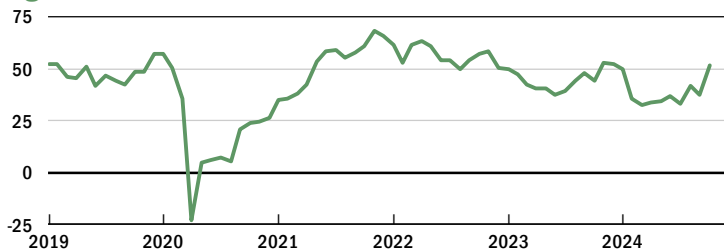
	Percent Reporting		Index
	Better	Worse	
Sep	24.0	25.5	-1.6
Oct	28.0	23.1	4.9
Change			6.5

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Sep	23.7	10.2	13.4
Oct	27.8	13.6	14.2
Change			0.8

Wages

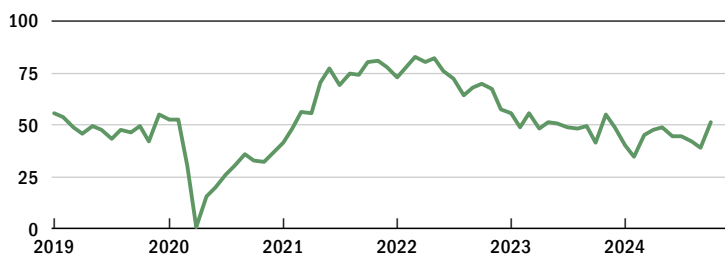


	Percent Reporting		Index
	Higher	Lower	
Sep	40.3	2.7	37.6
Oct	54.2	2.8	51.4
Change			13.8

Forward-Looking Indicators, *continued*

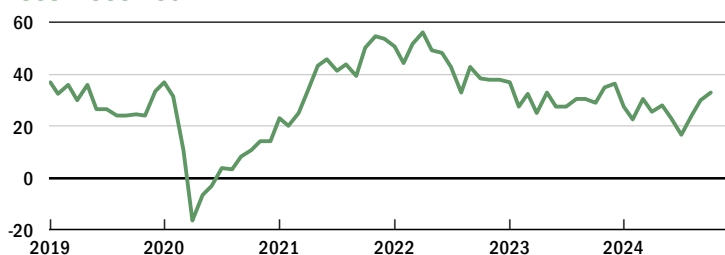
Expectations Six Months Ahead

Prices Paid



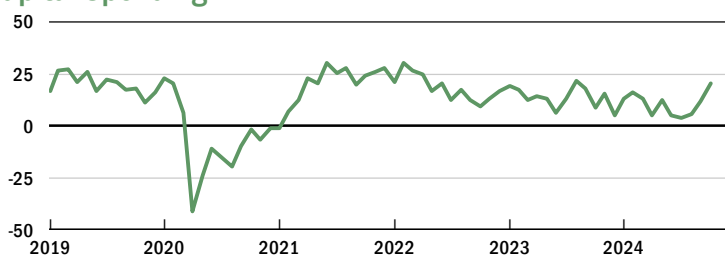
	Percent Reporting		Index
	Higher	Lower	
Sep	44.1	4.8	39.2
Oct	53.4	2.2	51.1
Change			11.9

Prices Received



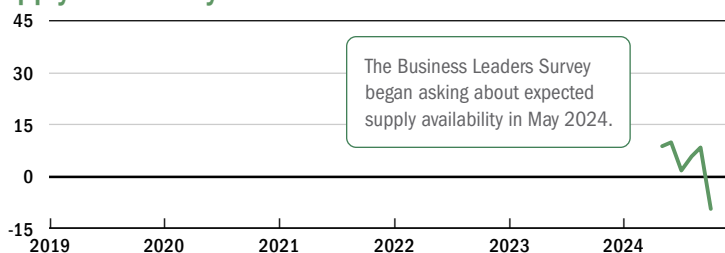
	Percent Reporting		Index
	Higher	Lower	
Sep	35.1	5.4	29.7
Oct	40.1	7.3	32.8
Change			3.1

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Sep	25.1	13.7	11.5
Oct	32.6	12.4	20.2
Change			8.7

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Sep	15.0	6.7	8.3
Oct	12.7	22.1	-9.4
Change			-17.7

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