

Business Leaders Survey

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

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

Business activity contracted slightly in the region’s service sector in December, according to firms responding to the Federal Reserve Bank of New York’s *Business Leaders Survey*. The survey’s headline business activity index moved down five points to -5.2. The business climate index remained firmly negative at -23.7, suggesting the business climate remains worse than normal. Employment was little changed, and wages increased at about the same pace as last month. Supply availability improved somewhat. Input price increases held steady, while selling prices increased at the slowest pace in more than three years. Looking ahead, firms remained optimistic that conditions would improve in the coming months.

A Small Decline in Activity

Business activity fell slightly in the New York-Northern New Jersey region, according to the December survey. The headline business activity index declined five points to -5.2. Twenty-three percent

ECONOMIST COMMENTARY

“Business activity fell slightly in the New York-Northern New Jersey region’s service sector in December, while employment held steady. Selling prices increased at the slowest pace in more than three years. Optimism about future conditions continued to improve.”

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

of respondents reported that conditions improved over the month and 28 percent said that conditions worsened. The business climate index remained negative at -23.7, pointing to an ongoing worsening business climate.

Selling Price Increases Slow Further

The employment index fell six points to -1.0, its lowest level in several months, suggesting employment levels were little changed. The wages index held steady at 29.4, indicating that wages increased at about the same pace as the past couple of months. The prices paid index was similar to last month at 47.7, a

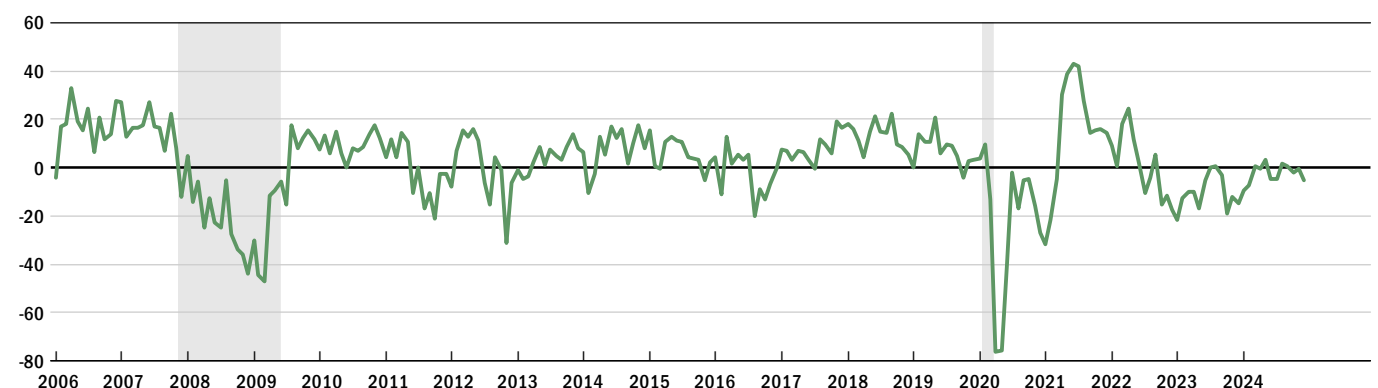
sign that input price increases were little changed, while the prices received index fell five points to 11.7, a multiyear low, suggesting price increases moderated. Supply availability improved slightly.

Optimism Continues to Grow

The index for future business activity climbed for a fifth consecutive month, rising four points to 28.0, and the index for the future business climate remained positive at 11.9, suggesting firms expect activity to improve and the business climate to be better than normal in six months. A modest increase in employment is also expected in the months ahead. ■

Business Activity

Diffusion Index

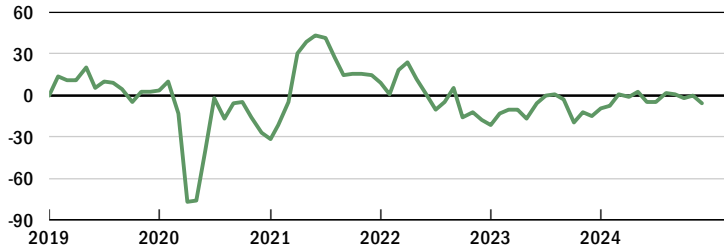


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

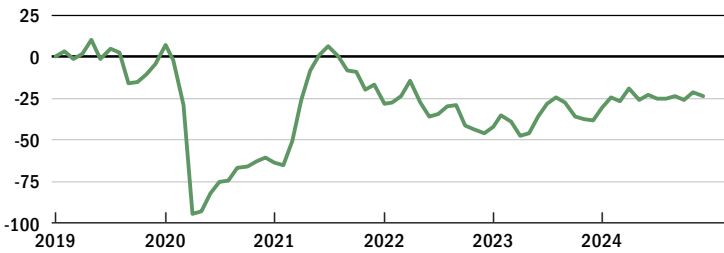
Change from Preceding Month

Business Activity



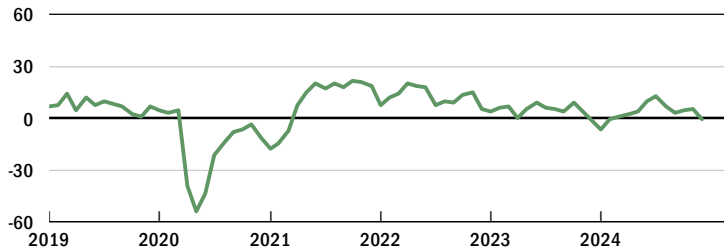
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 27.7 | 28.2 | -0.5 |
| Dec | 22.7 | 27.8 | -5.2 |
| Change | | | -4.7 |

Business Climate



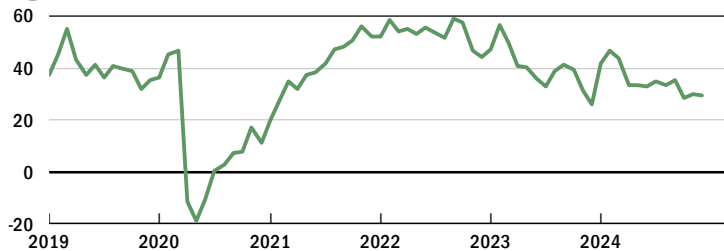
| | Percent Reporting | | Index |
|--------|-------------------|-------------|-------|
| | Favorable | Unfavorable | |
| Nov | 16.4 | 37.9 | -21.5 |
| Dec | 13.9 | 37.6 | -23.7 |
| Change | | | -2.2 |

Number of Employees



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 21.5 | 16.4 | 5.1 |
| Dec | 19.1 | 20.1 | -1.0 |
| Change | | | -6.1 |

Wages

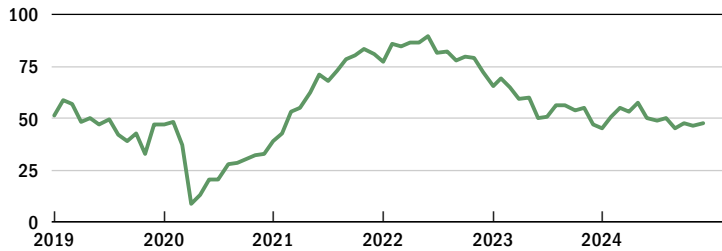


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 32.3 | 2.6 | 29.7 |
| Dec | 32.0 | 2.6 | 29.4 |
| Change | | | -0.3 |

Current Indicators, *continued*

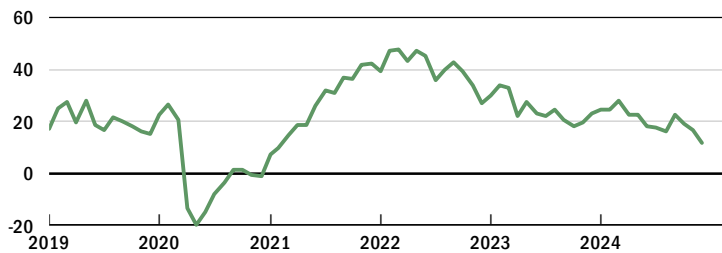
Change from Preceding Month

Prices Paid



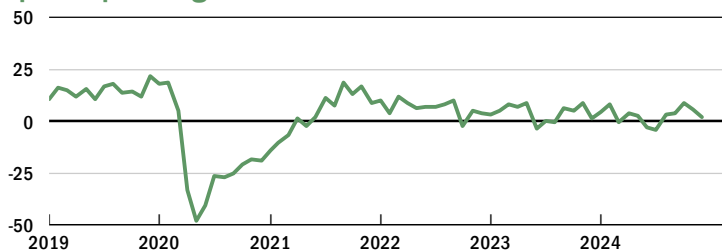
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 50.3 | 4.1 | 46.2 |
| Dec | 50.8 | 3.1 | 47.7 |
| Change | | | 1.5 |

Prices Received



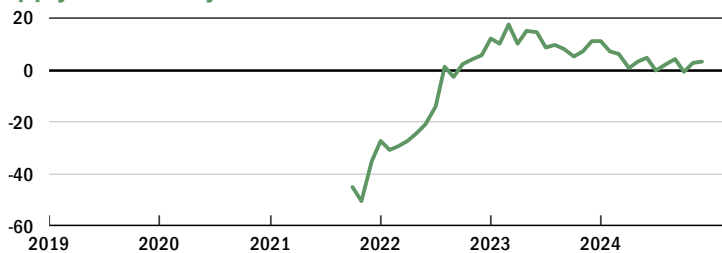
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 23.6 | 6.8 | 16.8 |
| Dec | 20.2 | 8.5 | 11.7 |
| Change | | | -5.1 |

Capital Spending



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 21.6 | 16.0 | 5.7 |
| Dec | 18.5 | 16.4 | 2.1 |
| Change | | | -3.6 |

Supply Availability



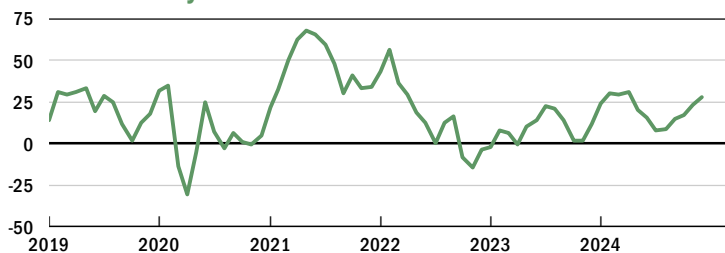
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 12.4 | 9.8 | 2.6 |
| Dec | 13.2 | 10.0 | 3.2 |
| Change | | | 0.6 |

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

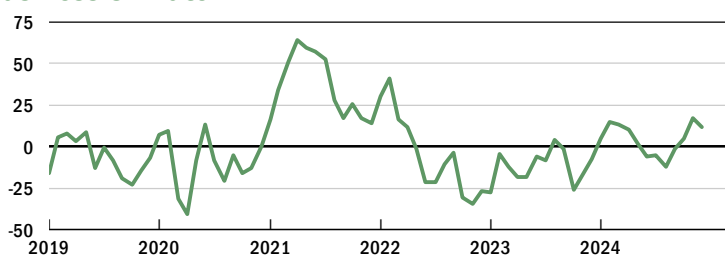
Expectations Six Months Ahead

Business Activity



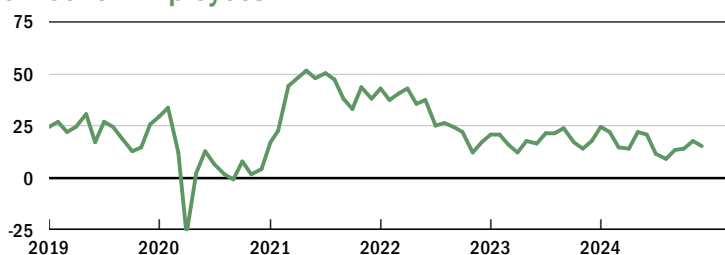
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 39.7 | 16.0 | 23.7 |
| Dec | 44.6 | 16.6 | 28.0 |
| Change | | | 4.3 |

Business Climate



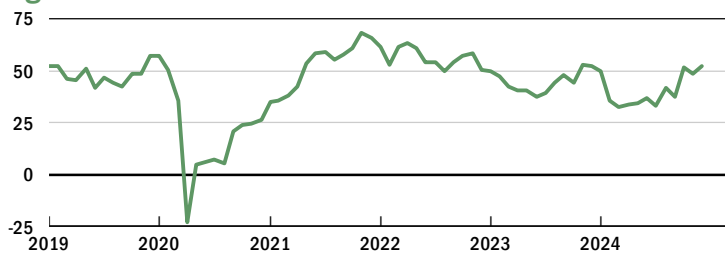
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Better | Worse | |
| Nov | 33.5 | 16.0 | 17.5 |
| Dec | 37.1 | 25.3 | 11.9 |
| Change | | | -5.6 |

Number of Employees



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 29.5 | 11.6 | 17.9 |
| Dec | 29.0 | 14.0 | 15.1 |
| Change | | | -2.8 |

Wages

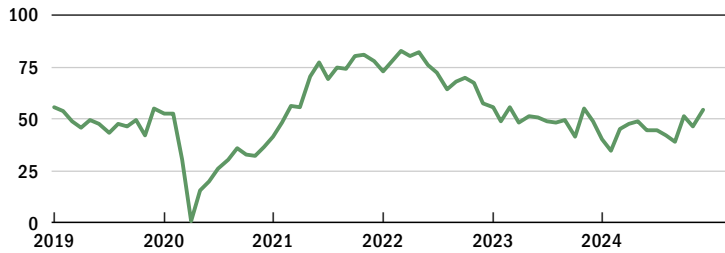


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 52.6 | 4.2 | 48.4 |
| Dec | 57.8 | 5.4 | 52.4 |
| Change | | | 4.0 |

Forward-Looking Indicators, *continued*

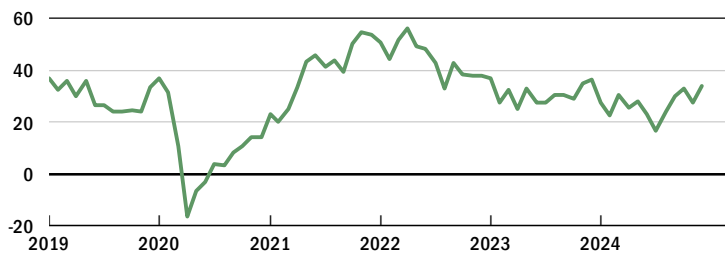
Expectations Six Months Ahead

Prices Paid



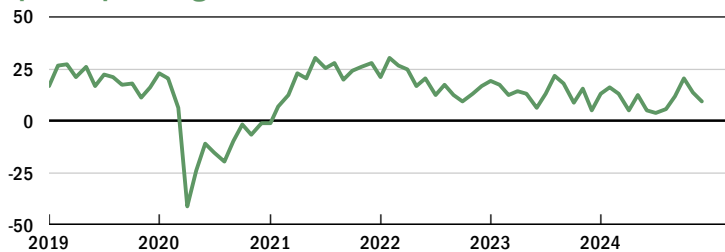
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 50.8 | 4.2 | 46.6 |
| Dec | 57.8 | 3.8 | 54.1 |
| Change | | | 7.5 |

Prices Received



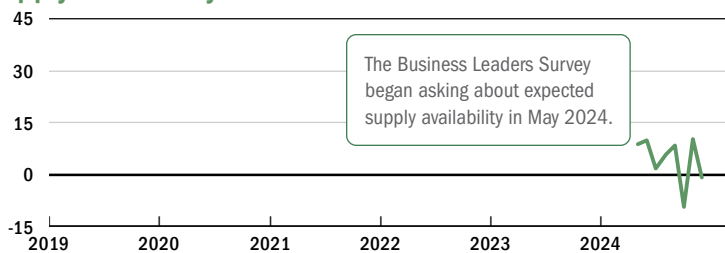
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 33.9 | 6.5 | 27.4 |
| Dec | 41.2 | 7.1 | 34.1 |
| Change | | | 6.7 |

Capital Spending



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 29.1 | 15.3 | 13.8 |
| Dec | 26.6 | 17.4 | 9.2 |
| Change | | | -4.6 |

Supply Availability



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| Nov | 20.2 | 9.8 | 10.4 |
| Dec | 15.6 | 16.7 | -1.0 |
| Change | | | -11.4 |

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