

Business Leaders Survey

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

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

Business activity in the region’s service sector declined significantly for a second consecutive month, according to firms responding to the Federal Reserve Bank of New York’s April *Business Leaders Survey*. The survey’s headline business activity index came in at -19.8, its lowest level in more than a year. The business climate index dropped nine points to -60.7, its lowest level in more than four years, suggesting the business climate was considerably worse than normal. Employment held steady, and wage growth remained moderate. Supply availability worsened. Input price increases and selling price increases were little changed. After turning pessimistic about the outlook last month, firms became even more negative, with half now expecting activity to decline in the months ahead.

Activity Continues to Decline

Business activity in the New York-Northern New Jersey region fell at a substantial pace for a second consecutive month, according to the April survey. The headline business activity index came in at -19.8. Twenty-one percent of respondents reported that

ECONOMIST COMMENTARY

“Business activity in the New York-Northern New Jersey region’s service sector continued to decline significantly in April. The business climate was much worse than normal, and firms were the most pessimistic they’ve been about the outlook since 2020.”

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

conditions improved over the month while 41 percent said that conditions worsened. The business climate index fell nine points to -60.7, its lowest level since early 2021, with two-thirds of respondents saying that the business climate was worse than normal.

Employment Holds Steady

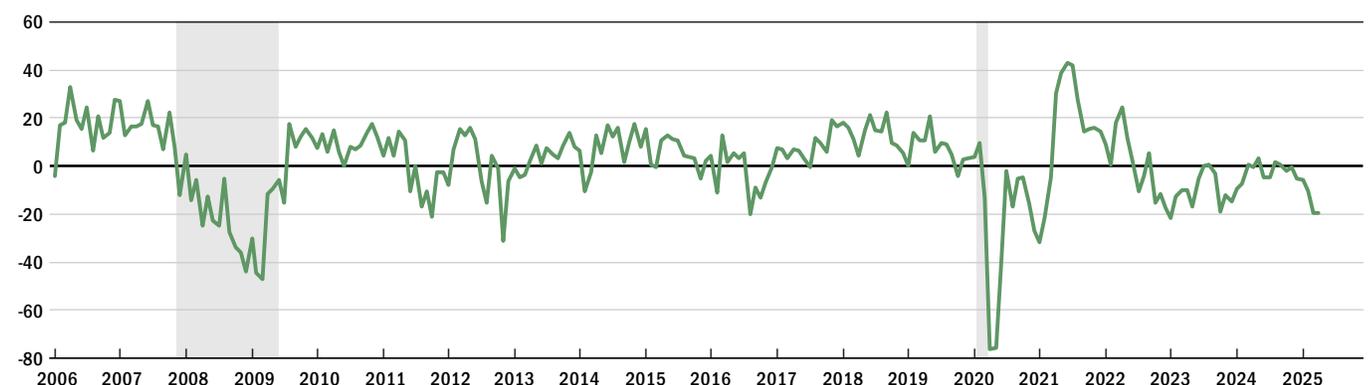
The employment index moved up to 1.3, indicating that employment levels were little changed. The wages index held steady at 34.8, a sign that wage increases remained moderate. After rising to its highest level in nearly two years in March, the prices paid index was little changed at 57.6. The prices received index edged down to 26.0. The supply availability index fell nine points to -11.7, suggesting supply availability declined.

Outlook Remains Very Pessimistic

After plunging twenty-five points last month, the index for future business activity sank another twenty-three points to -26.6, its lowest reading since April 2020, indicating that firms expect a significant decline in activity in the months ahead. The index for the future business climate also fell twenty-three points, to -50.0, marking its lowest level since 2009 and suggesting the business climate is expected to remain considerably worse than normal. The future employment index turned negative. The future supply availability index dropped to -36.1, with 44 percent of firms expecting supply availability to be worse in six months. Capital spending plans turned sharply negative. ■

Business Activity

Diffusion Index

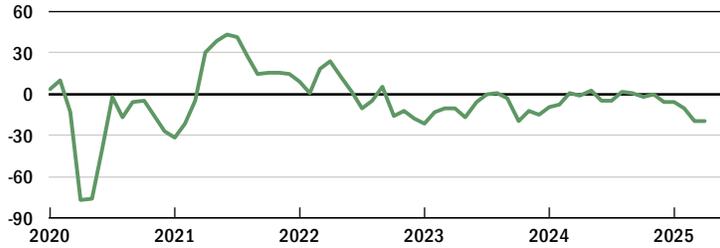


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

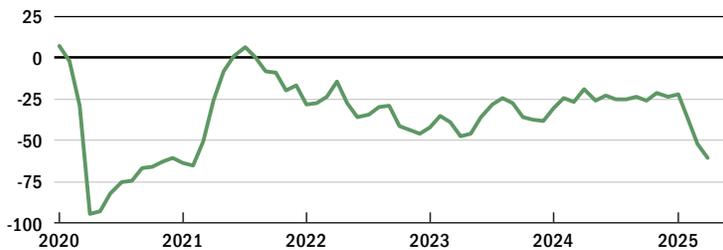
Change from Preceding Month

Business Activity



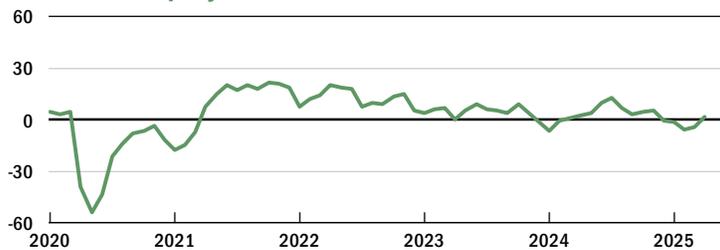
	Percent Reporting		Index
	Higher	Lower	
Mar	18.9	38.2	-19.3
Apr	20.7	40.5	-19.8
Change			-0.5

Business Climate



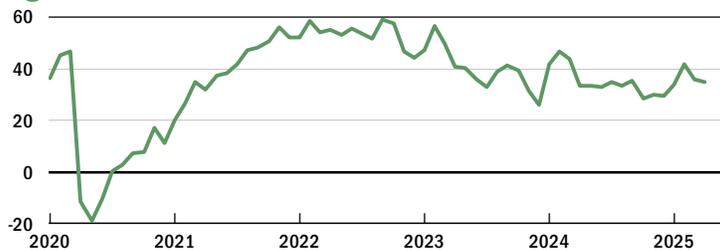
	Percent Reporting		Index
	Favorable	Unfavorable	
Mar	6.6	58.3	-51.7
Apr	6.4	67.1	-60.7
Change			-9.0

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Mar	16.0	20.8	-4.7
Apr	15.9	14.6	1.3
Change			6.0

Wages



	Percent Reporting		Index
	Higher	Lower	
Mar	40.1	4.2	35.8
Apr	38.6	3.9	34.8
Change			-1.0

Current Indicators, *continued*

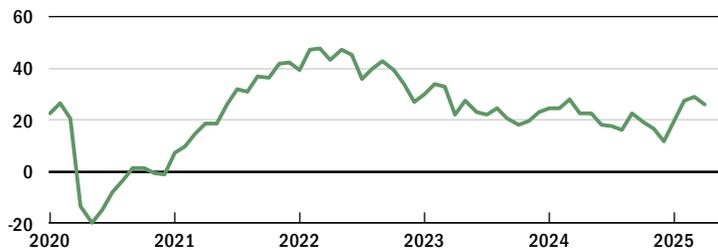
Change from Preceding Month

Prices Paid



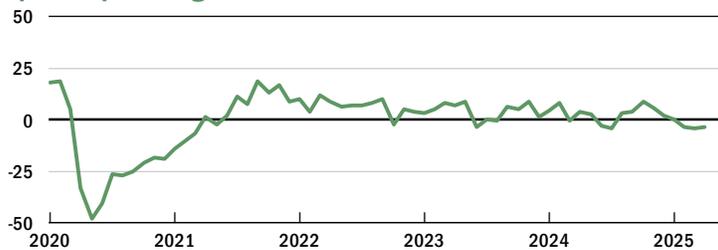
	Percent Reporting		Index
	Higher	Lower	
Mar	61.6	2.8	58.8
Apr	60.2	2.6	57.6
Change			-1.2

Prices Received



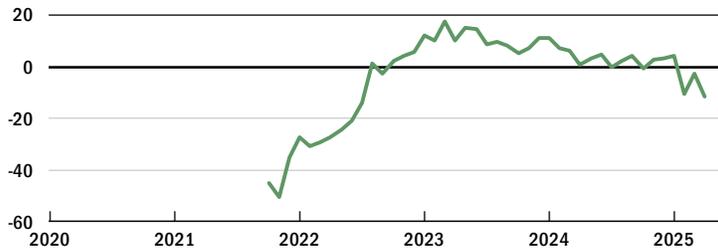
	Percent Reporting		Index
	Higher	Lower	
Mar	36.4	7.7	28.7
Apr	33.3	7.4	26.0
Change			-2.7

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Mar	17.6	21.9	-4.3
Apr	20.0	23.5	-3.5
Change			0.8

Supply Availability



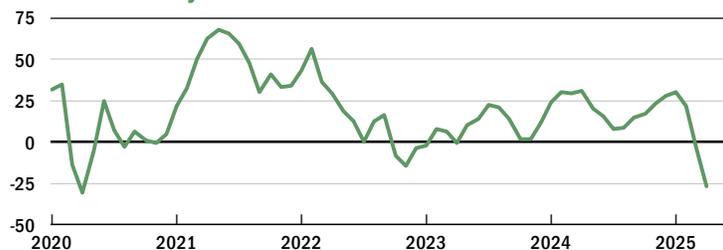
	Percent Reporting		Index
	Higher	Lower	
Mar	10.0	12.8	-2.8
Apr	6.5	18.2	-11.7
Change			-8.9

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	
Mar	33.8	37.1	-3.3
Apr	23.2	49.8	-26.6
Change			-23.3

Business Climate



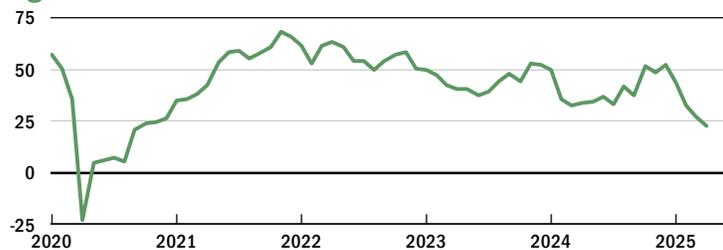
	Percent Reporting		Index
	Better	Worse	
Mar	24.1	50.9	-26.9
Apr	15.4	65.4	-50.0
Change			-23.1

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Mar	22.6	18.8	3.8
Apr	19.9	25.3	-5.4
Change			-9.2

Wages

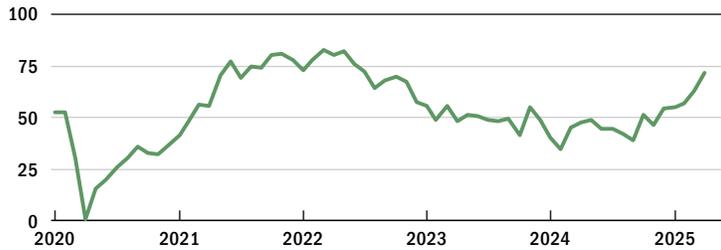


	Percent Reporting		Index
	Higher	Lower	
Mar	32.2	5.3	26.9
Apr	29.1	6.4	22.7
Change			-4.2

Forward-Looking Indicators, *continued*

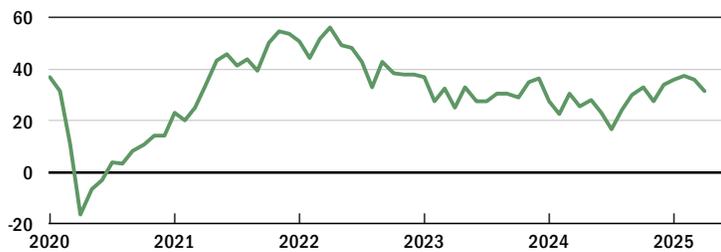
Expectations Six Months Ahead

Prices Paid



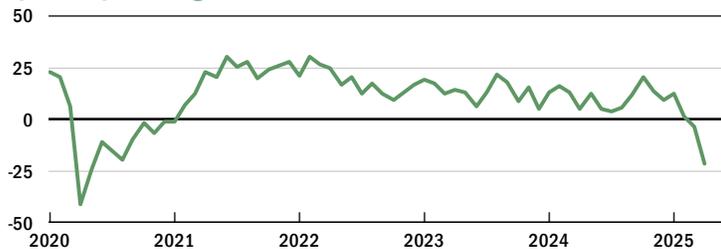
	Percent Reporting		Index
	Higher	Lower	
Mar	68.1	4.8	63.3
Apr	74.1	2.3	71.8
Change			8.5

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Mar	44.7	8.7	35.9
Apr	41.7	10.2	31.5
Change			-4.4

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Mar	22.3	26.2	-3.9
Apr	17.5	39.2	-21.7
Change			-17.8

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Mar	12.4	31.1	-18.7
Apr	7.4	43.5	-36.1
Change			-17.4

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