

Business Leaders Survey

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

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

Activity continued to decline modestly in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s February 2024 *Business Leaders Survey*. The survey’s headline business activity index edged up two points to -7.3, its sixth consecutive negative reading. The business climate index rose six points to -24.2, suggesting the business climate remains worse than normal, though to a lesser extent than last month. Employment held steady, and wage increases picked up. The pace of input price increases steepened, while selling price increases were little changed. Looking ahead, firms were more optimistic than they have been in nearly two years, with the business climate expected to be better than normal in six months.

Activity Continues to Drop

Business activity declined for a sixth consecutive month in the New York-Northern New Jersey region, according to the February survey. The headline business

ECONOMIST COMMENTARY

“Business activity declined for a sixth straight month in the New York-Northern New Jersey region’s service sector while employment was flat. However, optimism about the six-month outlook reached its highest level in nearly two years, showing that firms anticipate improvements to come.”

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

activity index edged up two points but held below zero at -7.3. Twenty-four percent of respondents reported that conditions improved over the month and 32 percent said that conditions worsened. The business climate index rose six points to -24.2, suggesting that the business climate remains worse than normal.

Employment Holds Steady

The employment index rose to a level of around zero, suggesting that employment levels held steady after posting a modest decline last month. The wages index moved up five points to 46.7, pointing to a pickup in wage increases. At 50.6, the prices paid index was up five points, a

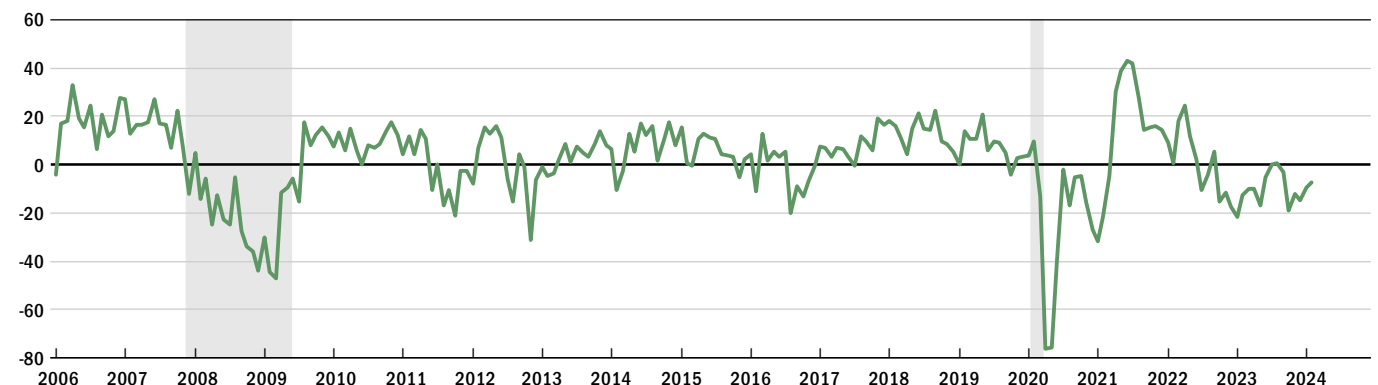
sign that input price increases accelerated, while the prices received index held steady at 24.5, indicating that the pace of selling price increases was little changed. The capital spending index edged up to 7.9.

Firms Increasingly Optimistic

The index for future business activity climbed six points to 30.1 and the index for the future business climate rose ten points to 15.2, suggesting that firms were increasingly optimistic about future conditions. Both indexes were at their highest levels in nearly two years. Employment is expected to grow, and fewer firms expect wage and price increases in the months ahead. ■

Business Activity

Diffusion Index

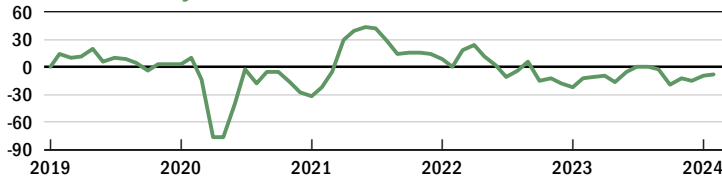


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

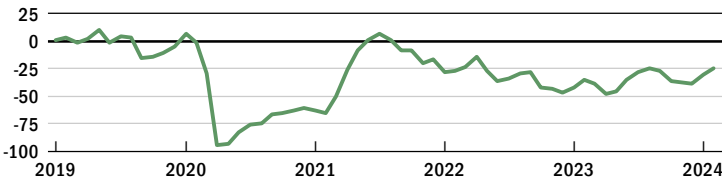
Change from Preceding Month

Business Activity



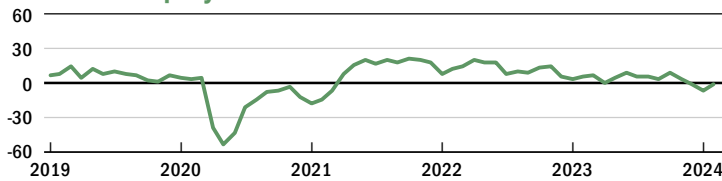
	Percent Reporting		Index
	Higher	Lower	
Jan	21.9	31.6	-9.7
Feb	24.4	31.7	-7.3
Change			2.4

Business Climate



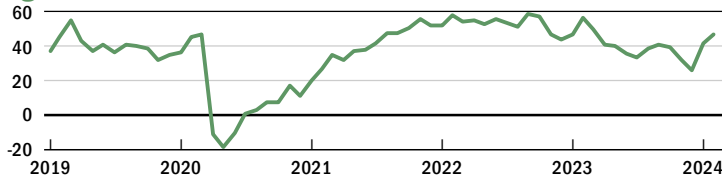
	Percent Reporting		Index
	Favorable	Unfavorable	
Jan	11.0	41.3	-30.3
Feb	12.7	37.0	-24.2
Change			6.1

Number of Employees



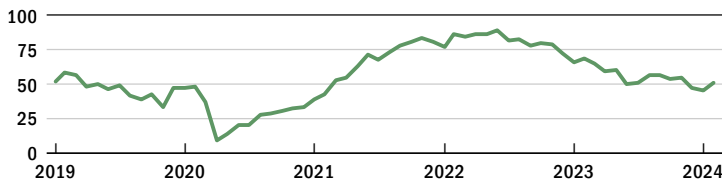
	Percent Reporting		Index
	Higher	Lower	
Jan	16.8	23.2	-6.5
Feb	19.4	20.0	-0.6
Change			5.9

Wages



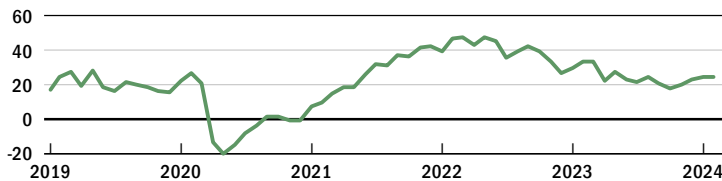
	Percent Reporting		Index
	Higher	Lower	
Jan	44.5	2.6	41.9
Feb	48.5	1.8	46.7
Change			4.8

Prices Paid



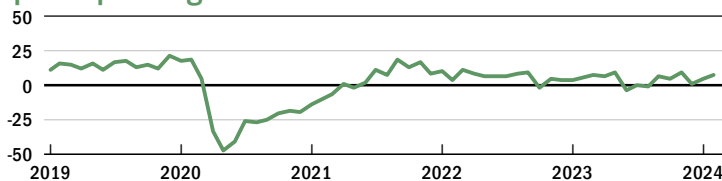
	Percent Reporting		Index
	Higher	Lower	
Jan	49.7	4.5	45.2
Feb	51.8	1.2	50.6
Change			5.4

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jan	29.2	4.5	24.7
Feb	31.9	7.4	24.5
Change			-0.2

Capital Spending

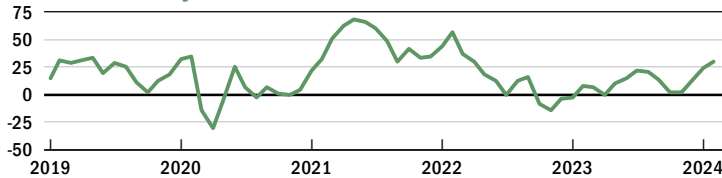


	Percent Reporting		Index
	Higher	Lower	
Jan	22.6	18.1	4.5
Feb	26.7	18.8	7.9
Change			3.4

Forward-Looking Indicators

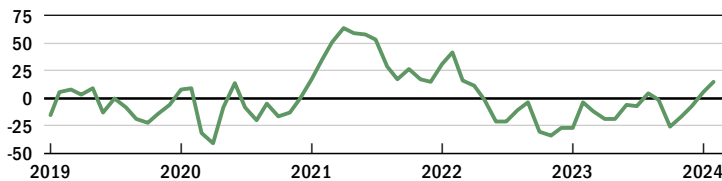
Expectations Six Months Ahead

Business Activity



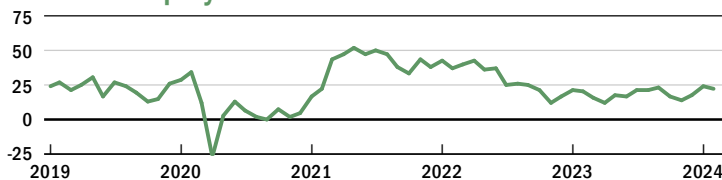
	Percent Reporting		Index
	Higher	Lower	
Jan	39.4	14.8	24.5
Feb	44.8	14.7	30.1
Change			5.6

Business Climate



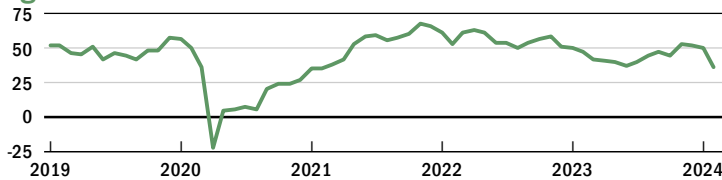
	Percent Reporting		Index
	Better	Worse	
Jan	25.8	20.6	5.2
Feb	34.5	19.4	15.2
Change			10.0

Number of Employees



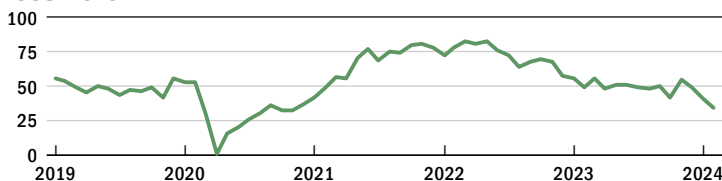
	Percent Reporting		Index
	Higher	Lower	
Jan	34.6	10.5	24.2
Feb	32.5	10.4	22.1
Change			-2.1

Wages



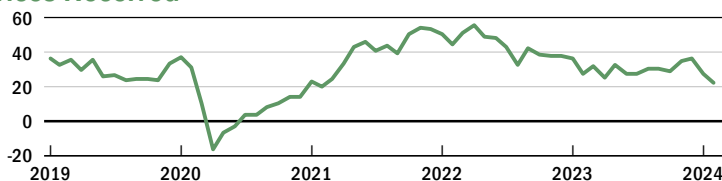
	Percent Reporting		Index
	Higher	Lower	
Jan	51.6	2.0	49.7
Feb	37.7	1.9	35.8
Change			-13.9

Prices Paid



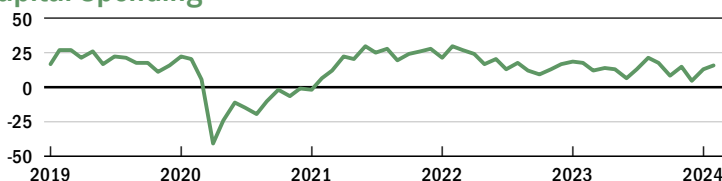
	Percent Reporting		Index
	Higher	Lower	
Jan	45.8	5.2	40.5
Feb	38.9	4.3	34.6
Change			-5.9

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jan	34.2	6.6	27.6
Feb	28.6	6.2	22.4
Change			-5.2

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jan	28.8	15.7	13.1
Feb	25.8	9.8	16.0
Change			2.9