

Business Leaders Survey

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

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

Activity continued to edge slightly lower in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s July 2024 *Business Leaders Survey*. The survey’s headline business activity index held steady at -4.5. The business climate index was little changed at -25.4, suggesting the business climate remains worse than normal. Employment growth continued to pick up, and wages increased at a similar pace to the prior few months. Supply availability was unchanged. Input and selling price increases remained moderate, while capital spending declined for a second consecutive month. Looking ahead, optimism about the six-month outlook waned.

Conditions Remain Sluggish

Business activity continued to decline slightly in the New York-Northern New Jersey region, according to the July survey. The headline business

ECONOMIST COMMENTARY

“Business conditions remained sluggish in the New York-Northern New Jersey region’s service sector in July. Activity continued to edge just slightly lower, though employment growth picked up. Optimism about the six-month outlook waned.”

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

activity index was little changed at -4.5. Twenty-seven percent of respondents reported that conditions improved over the month, and 31 percent said that conditions worsened. The business climate index edged down two points to -25.4, pointing to an ongoing worsening business climate.

Employment Expands

Despite the business activity remaining weak, the employment index continued to climb, rising three points to 12.4, suggesting that employment growth picked up. The wages index came in at 35.0, a level similar to the prior few

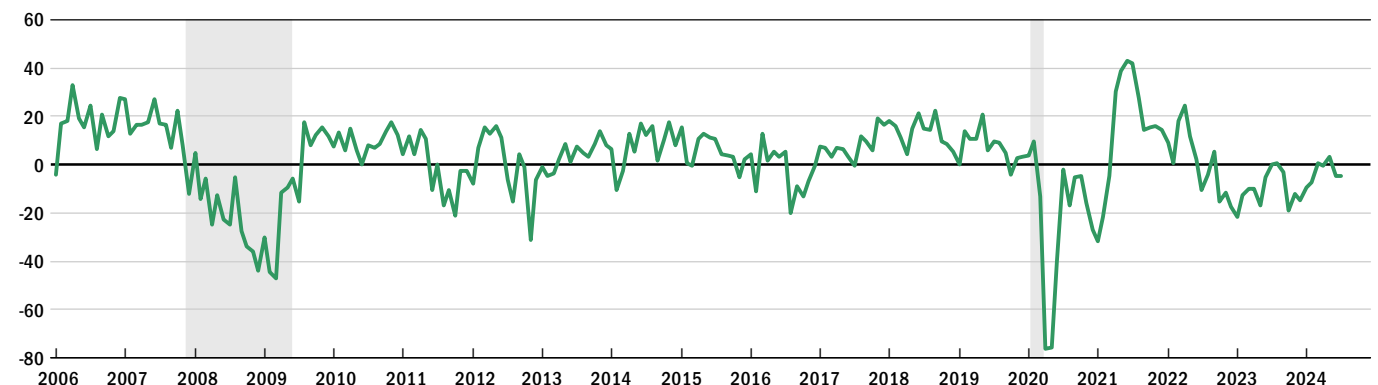
months, indicating that wage increases were steady. Both the prices paid and prices received indexes were little changed, suggesting that prices increased at about the same pace as in June. The capital spending index remained negative at -4.5.

Optimism Continues to Wane

The index for future business activity fell eight points to 8.0, its third consecutive monthly decline. The index for the future business climate remained negative at -5.1, suggesting that firms were not very optimistic that conditions would improve over the next six months. ■

Business Activity

Diffusion Index

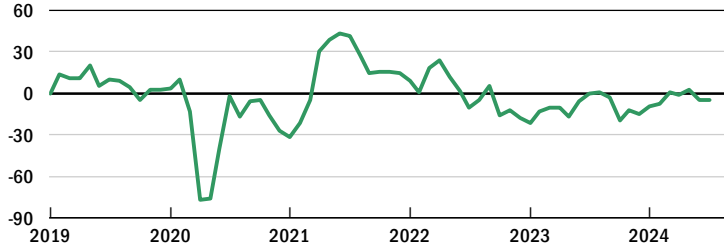


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

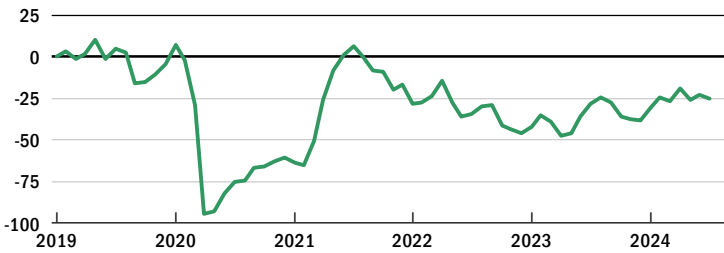
Change from Preceding Month

Business Activity



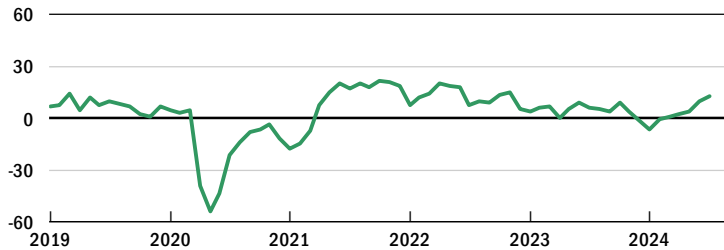
	Percent Reporting		Index
	Higher	Lower	
Jun	24.7	29.5	-4.7
Jul	26.6	31.1	-4.5
Change			0.2

Business Climate



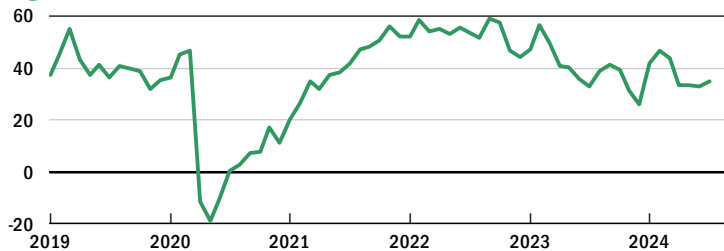
	Percent Reporting		Index
	Favorable	Unfavorable	
Jun	14.7	37.7	-23.0
Jul	11.9	37.3	-25.4
Change			-2.4

Number of Employees



	Percent Reporting		Index
	Higher	Lower	
Jun	25.1	15.7	9.4
Jul	28.8	16.4	12.4
Change			3.0

Wages

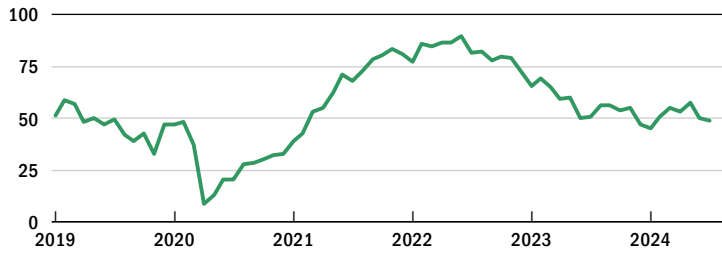


	Percent Reporting		Index
	Higher	Lower	
Jun	35.1	2.1	33.0
Jul	38.4	3.4	35.0
Change			2.0

Current Indicators, *continued*

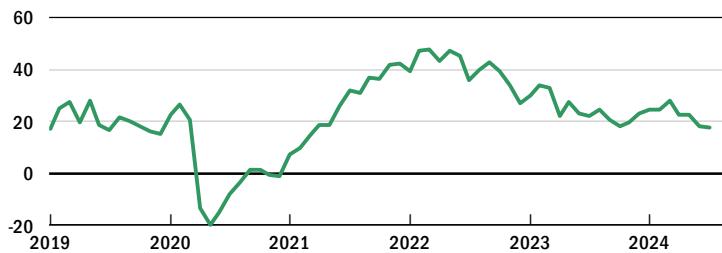
Change from Preceding Month

Prices Paid



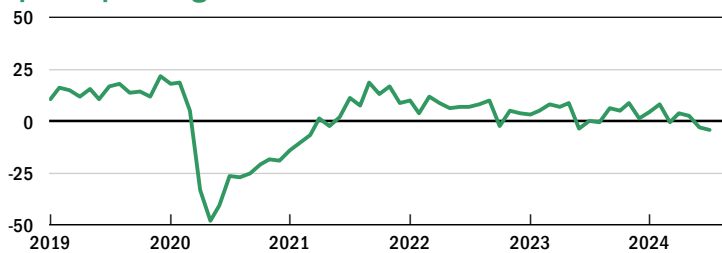
	Percent Reporting		Index
	Higher	Lower	
Jun	52.1	2.1	50.0
Jul	52.0	3.4	48.6
Change			-1.4

Prices Received



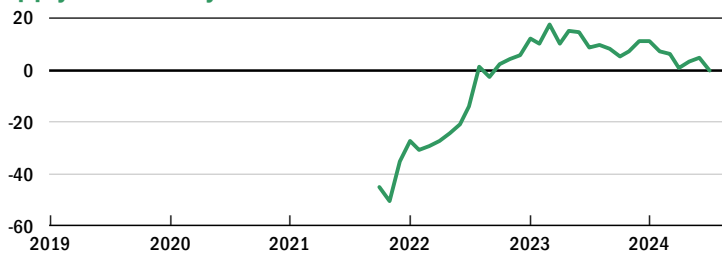
	Percent Reporting		Index
	Higher	Lower	
Jun	25.8	7.9	17.9
Jul	25.7	8.0	17.7
Change			-0.2

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jun	18.9	22.1	-3.2
Jul	18.1	22.6	-4.5
Change			-1.3

Supply Availability



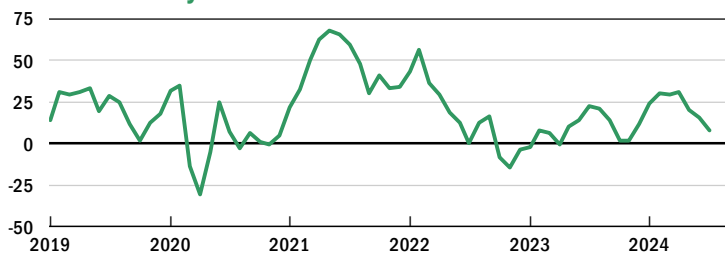
	Percent Reporting		Index
	Higher	Lower	
Jun	12.5	7.8	4.7
Jul	9.1	9.1	0.0
Change			-4.7

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

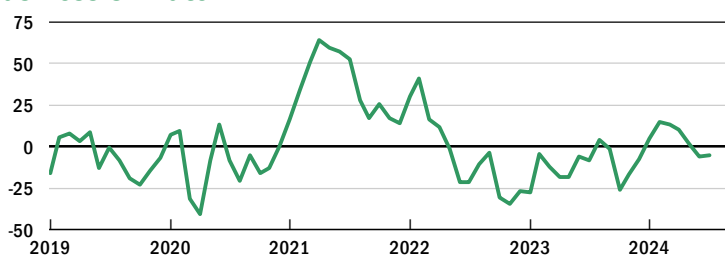
Expectations Six Months Ahead

Business Activity



	Percent Reporting		
	Higher	Lower	Index
Jun	34.0	18.3	15.7
Jul	30.7	22.7	8.0
Change			-7.7

Business Climate



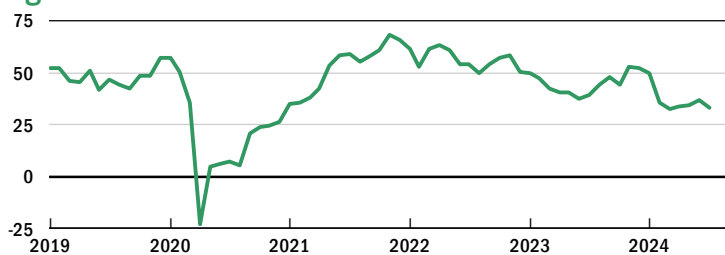
	Percent Reporting		
	Better	Worse	Index
Jun	20.4	26.2	-5.8
Jul	18.6	23.7	-5.1
Change			0.7

Number of Employees



	Percent Reporting		
	Higher	Lower	Index
Jun	28.3	7.5	20.9
Jul	27.3	15.7	11.6
Change			-9.3

Wages

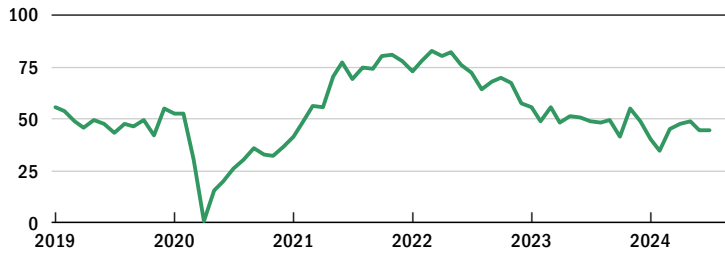


	Percent Reporting		
	Higher	Lower	Index
Jun	38.7	2.2	36.6
Jul	36.3	2.9	33.3
Change			-3.3

Forward-Looking Indicators, *continued*

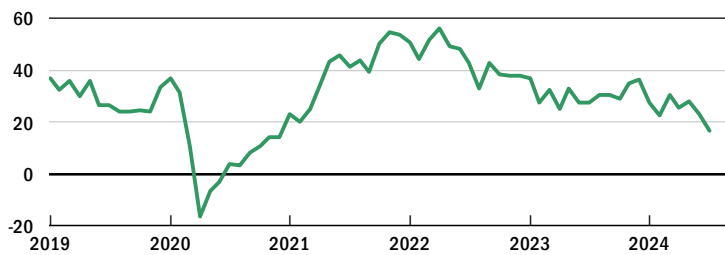
Expectations Six Months Ahead

Prices Paid



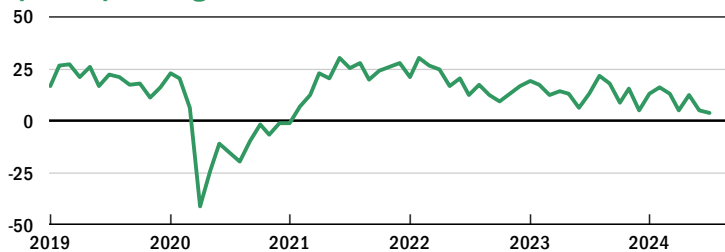
	Percent Reporting		Index
	Higher	Lower	
Jun	46.5	2.1	44.4
Jul	47.1	2.3	44.8
Change			0.4

Prices Received



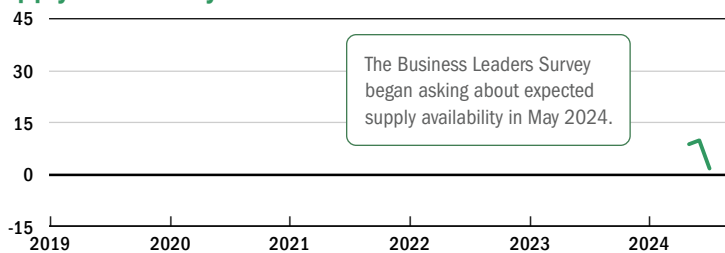
	Percent Reporting		Index
	Higher	Lower	
Jun	30.3	7.0	23.2
Jul	25.7	9.4	16.4
Change			-6.8

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jun	23.5	18.7	4.8
Jul	23.8	20.3	3.5
Change			-1.3

Supply Availability



	Percent Reporting		Index
	Higher	Lower	
Jun	16.8	6.8	9.9
Jul	9.1	7.4	1.7
Change			-8.2

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