

# Business Leaders Survey

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

Note: Survey responses were collected between September 5 and September 12.

Activity declined slightly in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's September 2023 *Business Leaders Survey*. The survey's headline business activity index edged down four points to -3.0. The business climate index fell three points to -27.4, suggesting the business climate remains worse than normal. Employment continued to increase slightly, and wages grew just a touch faster than last month. The pace of input price increases was little changed, while selling price increases slowed somewhat. Looking ahead, firms were not particularly optimistic, with just over a third expecting conditions to improve over the next six months.

## Activity Edges Lower

Business activity declined slightly, according to the September survey. The headline business activity index fell four points to -3.0. Twenty-seven percent of respondents reported that conditions improved over the month and 30 percent said that conditions worsened. The business climate index slipped three points to -27.4, a sign that the business climate remains worse than normal.

## Employment Continues to Inch Up

The employment index fell two points but remained positive at 3.6, pointing to a small increase in employment levels. The wages index moved up two points to 41.2, suggesting a slight pickup in

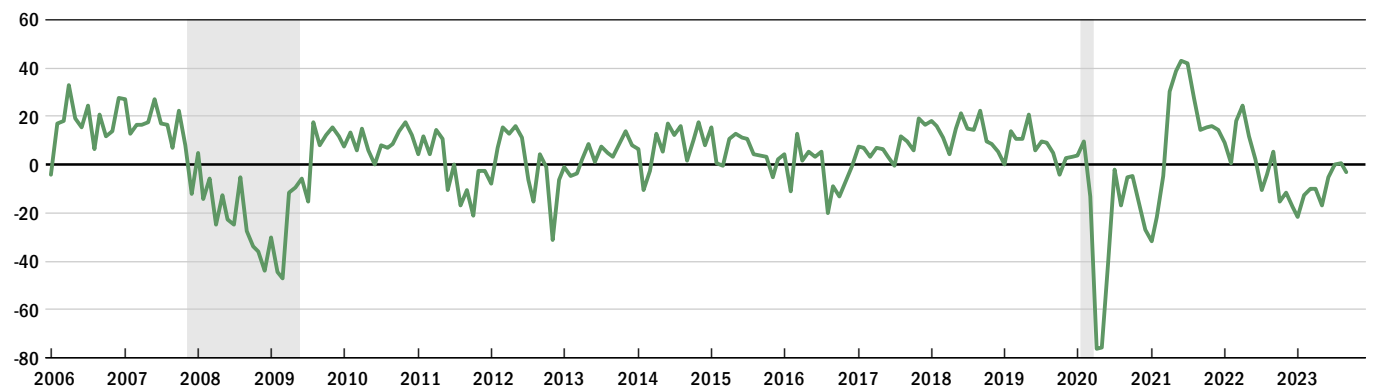
wage increases. The prices paid index held steady at 56.4, a sign that input prices increased at the same pace as last month, while the prices received index retreated four points to 20.7, pointing to some slowing in selling price increases. The capital spending index climbed to 6.1, indicating a modest increase in capital expenditures.

## Optimism Wanes

The index for future business activity fell seven points to 13.9, and the index for the future business climate dipped five points to -1.2, suggesting that firms were less optimistic about the six-month outlook. Employment is expected to grow modestly in the months ahead, and about half of respondents expect to raise wages. ■

## Business Activity

Diffusion Index

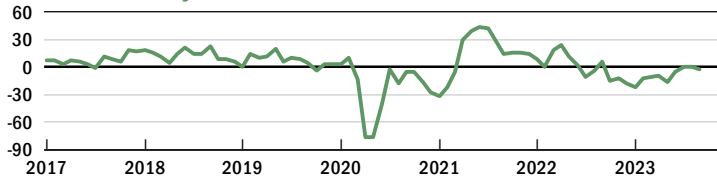


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

# Current Indicators

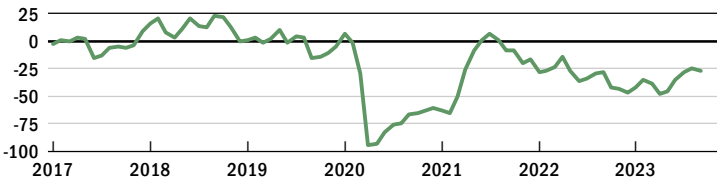
Change from Preceding Month

## Business Activity



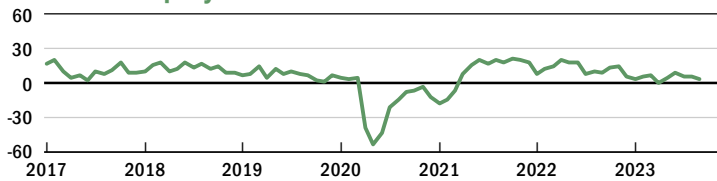
	Percent Reporting		Index
	Higher	Lower	
Aug	29.2	28.6	0.6
Sep	26.5	29.5	-3.0
Change			-3.6

## Business Climate



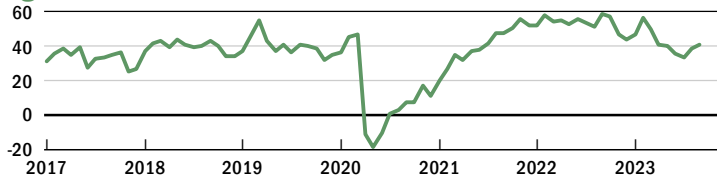
	Percent Reporting		Index
	Favorable	Unfavorable	
Aug	17.8	42.0	-24.3
Sep	14.0	41.5	-27.4
Change			-3.1

## Number of Employees



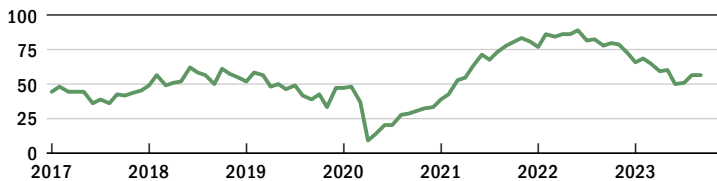
	Percent Reporting		Index
	Higher	Lower	
Aug	24.4	19.0	5.4
Sep	22.4	18.8	3.6
Change			-1.8

## Wages



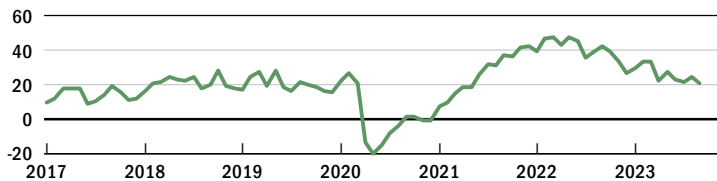
	Percent Reporting		Index
	Higher	Lower	
Aug	41.9	3.0	38.9
Sep	42.4	1.2	41.2
Change			2.3

## Prices Paid



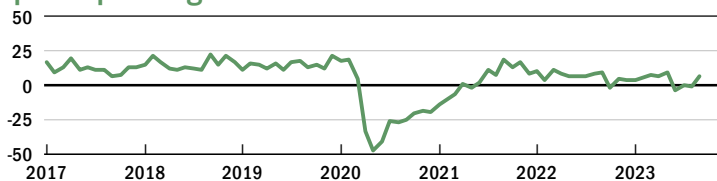
	Percent Reporting		Index
	Higher	Lower	
Aug	59.3	3.0	56.3
Sep	59.4	3.0	56.4
Change			0.1

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Aug	29.9	5.4	24.6
Sep	29.3	8.5	20.7
Change			-3.9

## Capital Spending

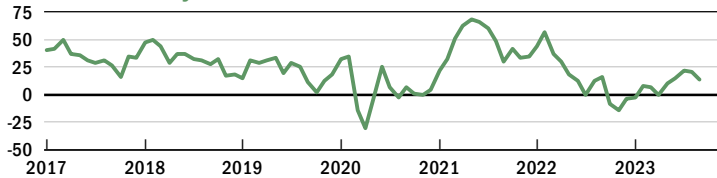


	Percent Reporting		Index
	Higher	Lower	
Aug	18.2	18.8	-0.6
Sep	23.6	17.6	6.1
Change			6.7

# Forward-Looking Indicators

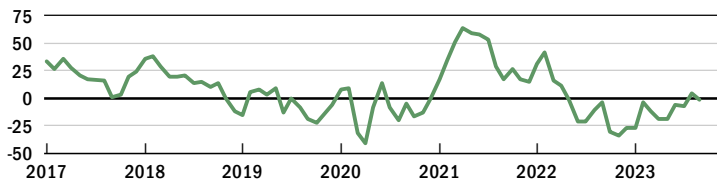
Expectations Six Months Ahead

## Business Activity



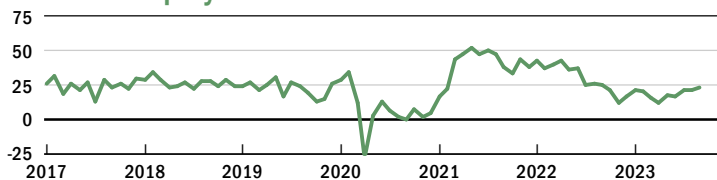
	Percent Reporting		Index
	Higher	Lower	
Aug	40.2	19.5	20.7
Sep	34.9	21.1	13.9
Change			-6.8

## Business Climate



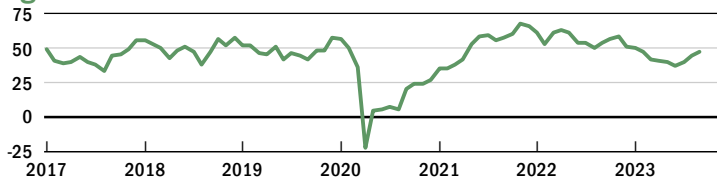
	Percent Reporting		Index
	Better	Worse	
Aug	28.6	24.4	4.2
Sep	21.7	22.9	-1.2
Change			-5.4

## Number of Employees



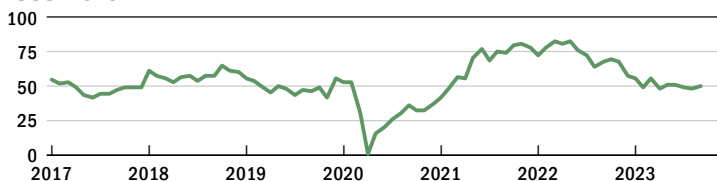
	Percent Reporting		Index
	Higher	Lower	
Aug	38.0	16.9	21.1
Sep	33.5	9.9	23.6
Change			2.5

## Wages



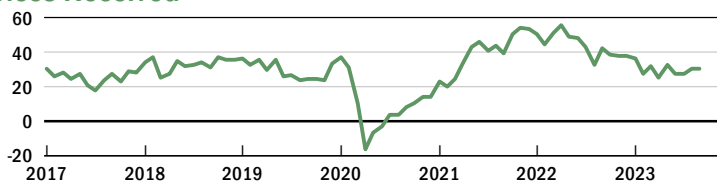
	Percent Reporting		Index
	Higher	Lower	
Aug	46.1	1.8	44.2
Sep	50.3	2.5	47.8
Change			3.6

## Prices Paid



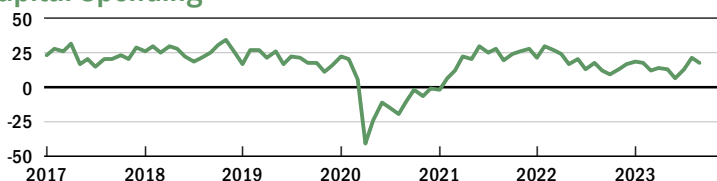
	Percent Reporting		Index
	Higher	Lower	
Aug	53.3	4.8	48.5
Sep	50.9	1.2	49.7
Change			1.2

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Aug	35.2	4.8	30.3
Sep	34.0	3.8	30.2
Change			-0.1

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Aug	33.7	12.0	21.7
Sep	33.1	15.0	18.1
Change			-3.6