

Business Leaders Survey

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

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

Activity in the region's service sector continued to decline significantly, though at a slower pace than in April and May, according to firms responding to the Federal Reserve Bank of New York's June 2020 *Business Leaders Survey*. The survey's headline business activity index climbed thirty-six points to -40.0. The business climate index rose eleven points, but at -82.3, indicated that the vast majority of firms still viewed the business climate as worse than normal. Employment levels and wages continued to decline, though not as much as last month. Input price increases picked up, while selling prices continued to fall. Capital spending continued to decline significantly. Looking ahead, for the first time since the pandemic began, firms expected conditions to be better in the coming months.

Business Conditions Deteriorate Less Steeply

Business activity in the region's service sector declined substantially

in June, though at a much slower pace than in the prior two months. The headline business activity index increased thirty-six points to -40.0. Sixty percent of respondents reported that conditions worsened over the month, while nineteen percent said that conditions improved. The business climate index rose eleven points to -82.3, with 87 percent of respondents viewing the business climate as worse than normal.

Employment Falls at a Slower Pace

The employment index increased for the first time in three months, but it remained well below zero at -43.2, pointing to significant employment cuts—but less so than in the prior two months. The wages index rose eight points but remained negative at -10.5, a sign that wage declines moderated. The prices paid index increased for a second consecutive month, rising seven points to 20.5, pointing to a

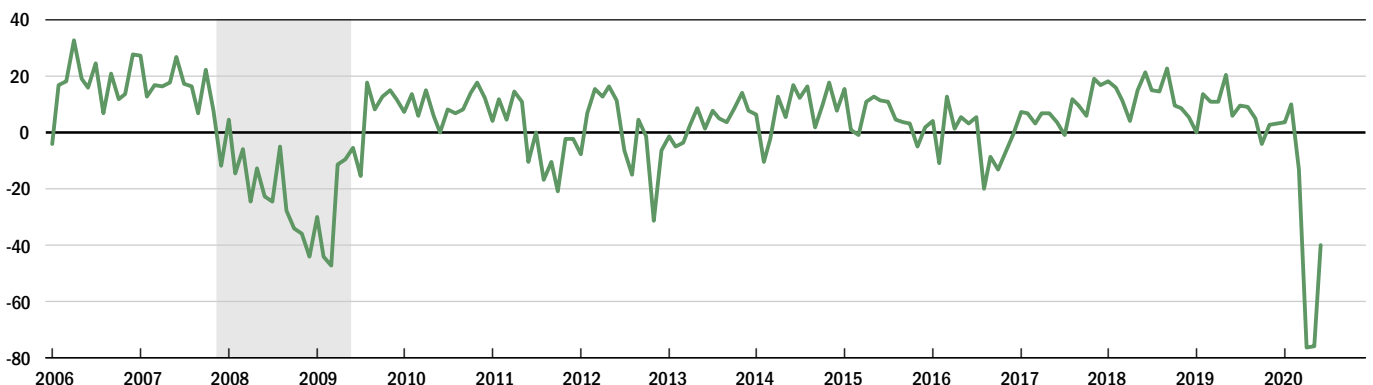
pickup in input price increases. The prices received index rose five points to -15.0, signaling that selling prices declined at a slower pace than last month. The capital spending index came in at -40.6, suggesting ongoing steep declines in capital spending.

Firms Optimistic Conditions Will Improve

For the first time in recent months, firms expected conditions to improve over the next six months. The indexes for future business activity and future business climate both climbed above zero. Firms also expected employment and wages to increase in the months ahead, though selling prices and capital spending were expected to continue to decline. ■

Business Activity

Diffusion Index

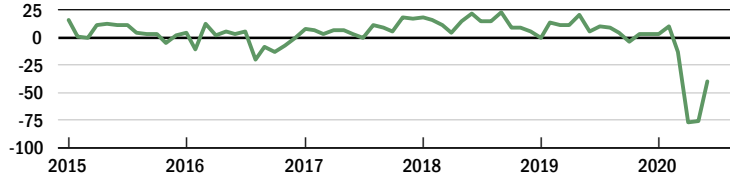


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

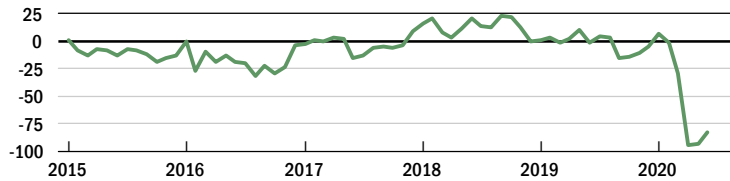
Change from Preceding Month

Business Activity



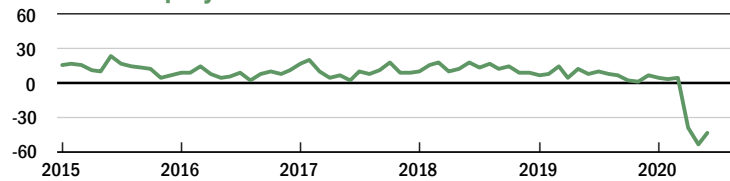
	Percent Reporting		Index
	Higher	Lower	
May	6.2	81.9	-75.8
Jun	19.1	59.1	-40.0
Change			35.8

Business Climate



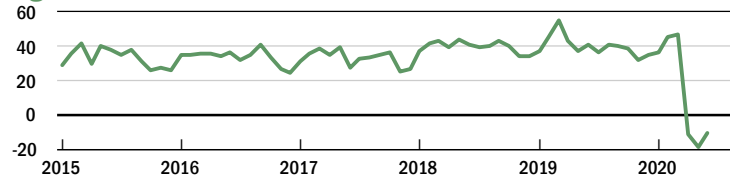
	Percent Reporting		Index
	Favorable	Unfavorable	
May	2.2	95.1	-92.9
Jun	5.2	87.4	-82.3
Change			10.6

Number of Employees



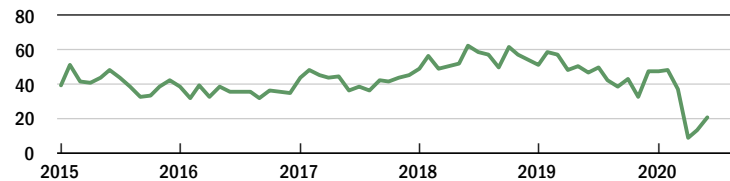
	Percent Reporting		Index
	Higher	Lower	
May	1.8	55.3	-53.5
Jun	7.0	50.2	-43.2
Change			10.3

Wages



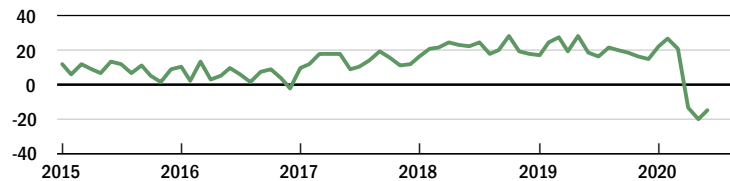
	Percent Reporting		Index
	Higher	Lower	
May	11.5	30.4	-18.9
Jun	14.4	24.9	-10.5
Change			8.4

Prices Paid



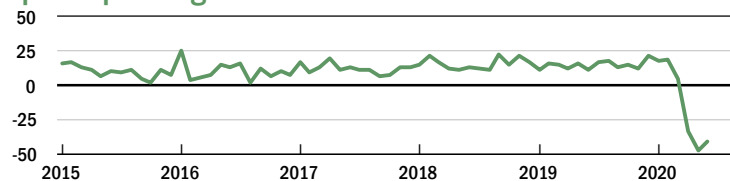
	Percent Reporting		Index
	Higher	Lower	
May	23.1	9.8	13.3
Jun	30.1	9.6	20.5
Change			7.2

Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	4.4	24.2	-19.8
Jun	8.0	23.0	-15.0
Change			4.8

Capital Spending

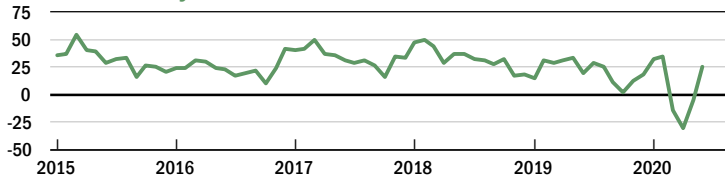


	Percent Reporting		Index
	Higher	Lower	
May	7.7	55.4	-47.7
Jun	12.2	52.8	-40.6
Change			7.1

Forward-Looking Indicators

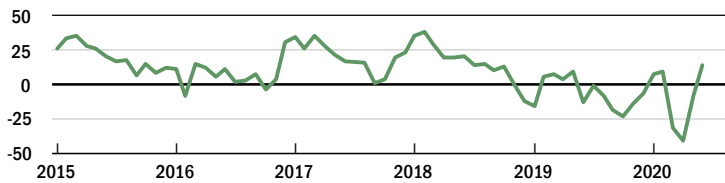
Expectations Six Months Ahead

Business Activity



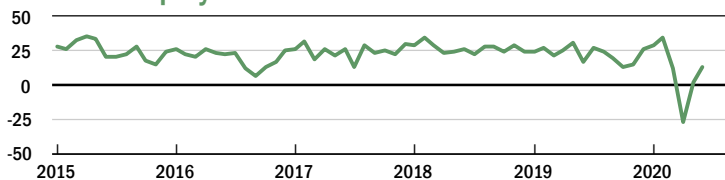
	Percent Reporting		Index
	Higher	Lower	
May	39.4	44.2	-4.9
Jun	52.6	27.8	24.8
Change			29.7

Business Climate



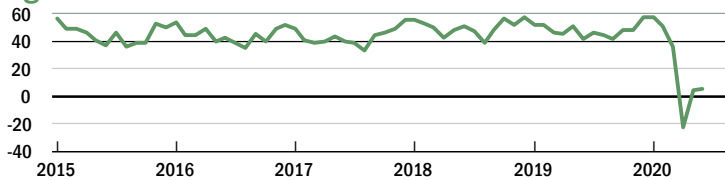
	Percent Reporting		Index
	Favorable	Unfavorable	
May	36.9	44.9	-8.0
Jun	48.7	35.0	13.7
Change			21.7

Number of Employees



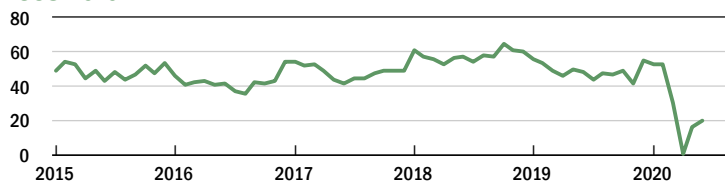
	Percent Reporting		Index
	Higher	Lower	
May	31.1	28.8	2.3
Jun	36.1	23.3	12.8
Change			10.5

Wages



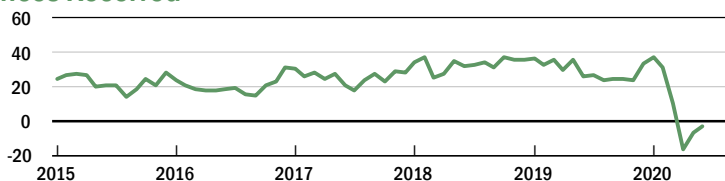
	Percent Reporting		Index
	Higher	Lower	
May	22.1	17.6	4.5
Jun	20.6	14.8	5.8
Change			1.3

Prices Paid



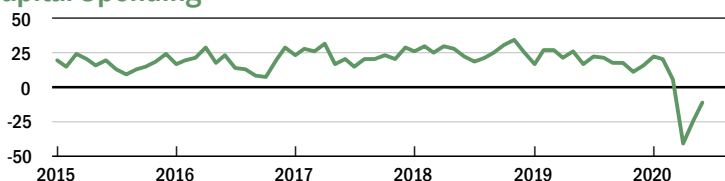
	Percent Reporting		Index
	Higher	Lower	
May	30.0	14.1	15.9
Jun	29.3	9.5	19.8
Change			3.9

Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	16.4	22.8	-6.4
Jun	16.5	19.7	-3.2
Change			3.2

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
May	19.5	43.4	-24.0
Jun	24.1	34.8	-10.7
Change			13.3