

Business Leaders Survey

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

Note: Survey responses were collected between October 2 and October 10.

Activity declined significantly in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s October 2023 *Business Leaders Survey*. The survey’s headline business activity index dropped sixteen points to -19.1, its lowest level in several months. The business climate index fell nine points to -35.9, suggesting the business climate remains much worse than normal. Despite the decline in activity, employment growth picked up, while wages grew at about the same pace as last month. Input and selling price increases moderated slightly. Looking ahead, firms were not optimistic that conditions would improve over the next six months.

Activity Contracts

Business activity fell significantly,

according to the October survey. The headline business activity index declined a steep sixteen points to -19.1, its lowest reading since May. Nineteen percent of respondents reported that conditions improved over the month and 38 percent said that conditions worsened. The business climate index fell nine points to -35.9, suggesting that the business climate remains worse than normal, and to a greater extent than in recent months.

Employment Continues to Expand

The employment index climbed five points to 8.9, pointing to a modest increase in employment despite the decline in activity. The wages index was little changed at 39.5, a sign that wages increased at

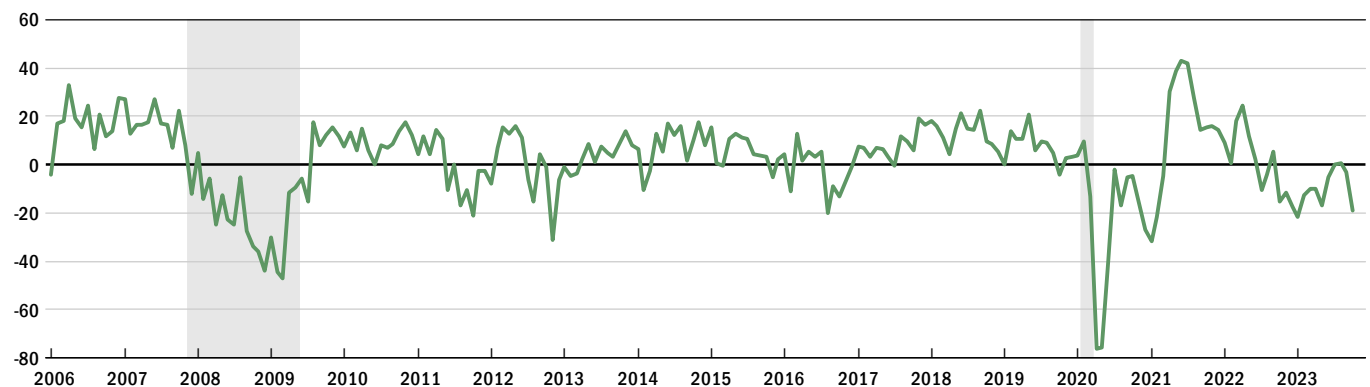
about the same pace as last month. Both the prices paid and prices received indexes fell three points, indicating that input and selling price increases moderated slightly. The capital spending index came in at 5.1, suggesting a small increase in capital expenditures.

Firms No Longer Optimistic

The index for future business activity fell to 1.9, its near-zero reading indicating that firms do not expect activity to increase over the next six months. The index for the future business climate plunged twenty-four points to -25.5. However, employment is expected to grow modestly in the months ahead, and wage increases are expected to remain widespread. ■

Business Activity

Diffusion Index

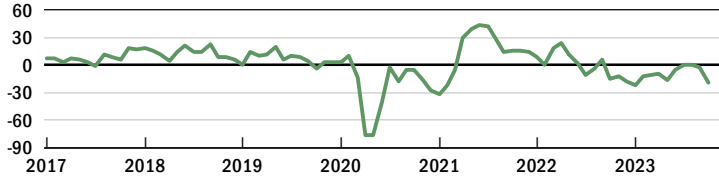


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

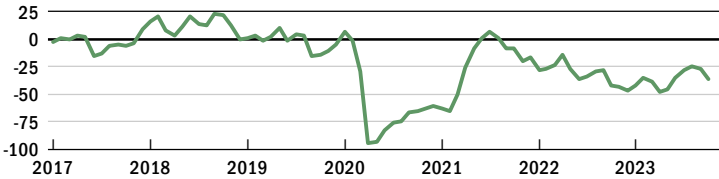
Change from Preceding Month

Business Activity



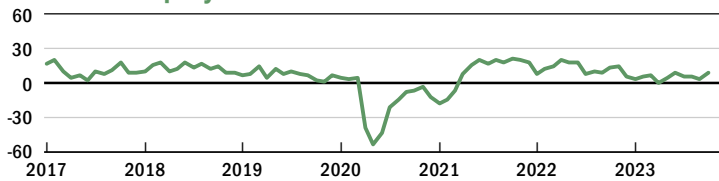
	Percent Reporting		Index
	Higher	Lower	
Sep	26.5	29.5	-3.0
Oct	19.1	38.2	-19.1
Change			-16.1

Business Climate



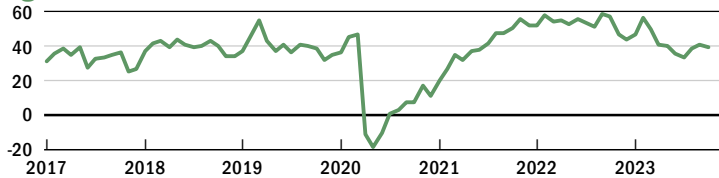
	Percent Reporting		Index
	Favorable	Unfavorable	
Sep	14.0	41.5	-27.4
Oct	10.3	46.2	-35.9
Change			-8.5

Number of Employees



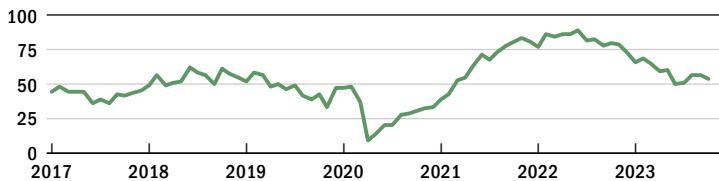
	Percent Reporting		Index
	Higher	Lower	
Sep	22.4	18.8	3.6
Oct	24.8	15.9	8.9
Change			5.3

Wages



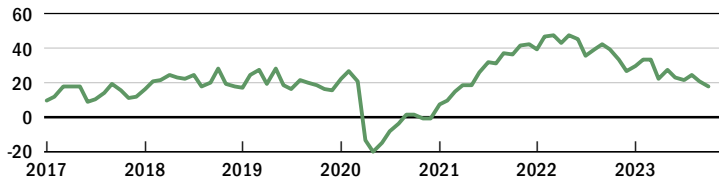
	Percent Reporting		Index
	Higher	Lower	
Sep	42.4	1.2	41.2
Oct	42.0	2.5	39.5
Change			-1.7

Prices Paid



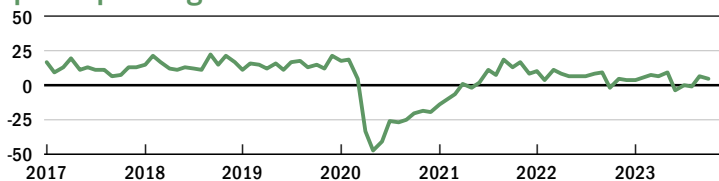
	Percent Reporting		Index
	Higher	Lower	
Sep	59.4	3.0	56.4
Oct	58.3	4.5	53.8
Change			-2.6

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Sep	29.3	8.5	20.7
Oct	26.5	8.4	18.1
Change			-2.6

Capital Spending

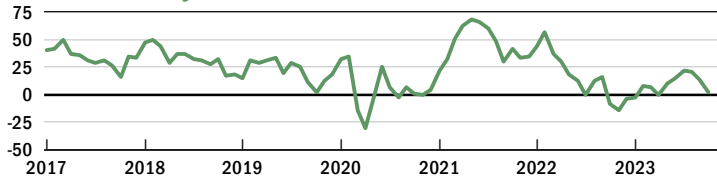


	Percent Reporting		Index
	Higher	Lower	
Sep	23.6	17.6	6.1
Oct	23.6	18.5	5.1
Change			-1.0

Forward-Looking Indicators

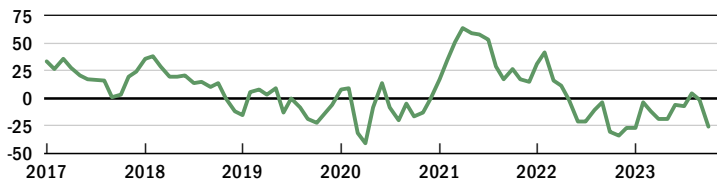
Expectations Six Months Ahead

Business Activity



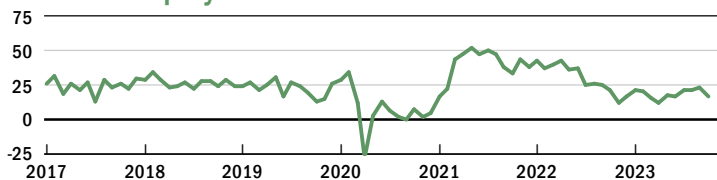
	Percent Reporting		Index
	Higher	Lower	
Sep	34.9	21.1	13.9
Oct	27.4	25.5	1.9
Change			-12.0

Business Climate



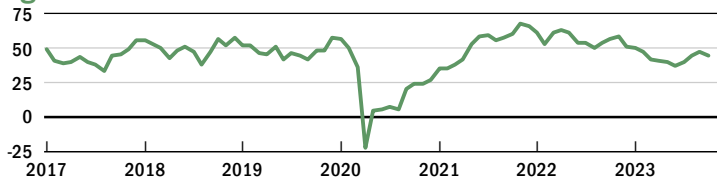
	Percent Reporting		Index
	Better	Worse	
Sep	21.7	22.9	-1.2
Oct	11.5	36.9	-25.5
Change			-24.3

Number of Employees



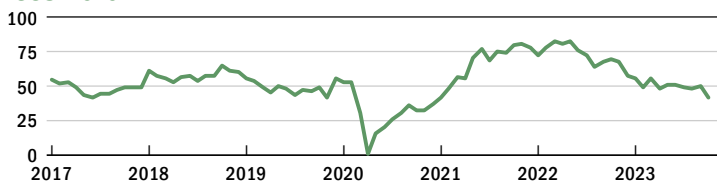
	Percent Reporting		Index
	Higher	Lower	
Sep	33.5	9.9	23.6
Oct	30.5	13.6	16.9
Change			-6.7

Wages



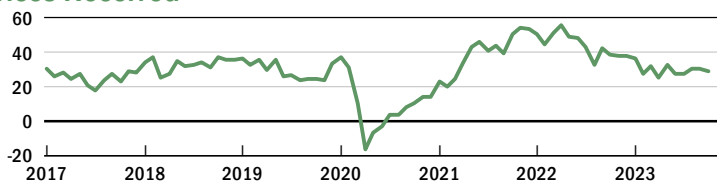
	Percent Reporting		Index
	Higher	Lower	
Sep	50.3	2.5	47.8
Oct	47.7	3.3	44.4
Change			-3.4

Prices Paid



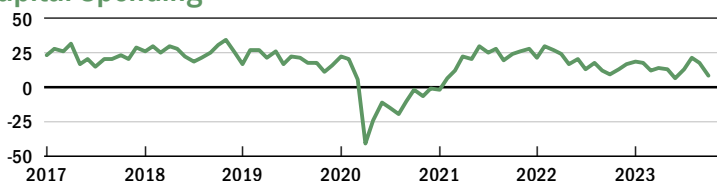
	Percent Reporting		Index
	Higher	Lower	
Sep	50.9	1.2	49.7
Oct	47.7	6.5	41.2
Change			-8.5

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Sep	34.0	3.8	30.2
Oct	37.1	7.9	29.1
Change			-1.1

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Sep	33.1	15.0	18.1
Oct	28.1	19.6	8.5
Change			-9.6