

# Business Leaders Survey

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

The Federal Reserve Bank of New York's April 2015 *Business Leaders Survey* indicates that activity in the region's service sector expanded following a pause in February and March. The survey's headline business activity index climbed twelve points to 10.8. The business climate index was higher this month, but remained negative at -6.9, signaling that, on balance, respondents continued to view the business climate as worse than normal. The employment index crept down to 11.0, holding at a level that points to continued employment gains, and the wages index fell twelve points to 29.7, an indication that wage increases slowed over the month. The prices paid index held steady at 41.1, and the prices received index edged down to 8.6. Indexes assessing the six-month outlook suggested that firms remained optimistic about future conditions,

although the index for future business activity fell from its record high set last month.

## Business Activity Expands

Following lackluster reports in the February and March surveys, the April 2015 survey indicates that business activity expanded in the region's service sector. The survey's headline business activity index climbed twelve points to 10.8, its first significant positive reading since January. This month, 33 percent of respondents reported that conditions improved, while 22 percent reported that conditions worsened. The business climate index rose six points to -6.9, indicating that, on balance, firms continued to view the business climate as worse than normal, although to a lesser degree than last month.

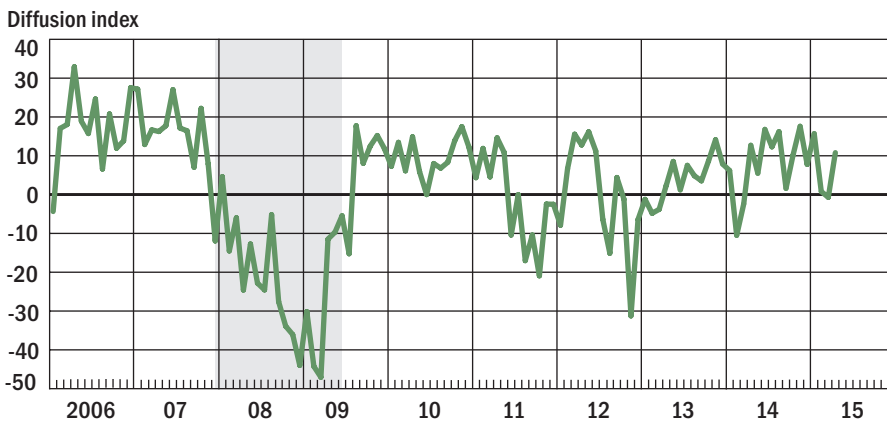
## Wage Growth Slows

The employment index pointed to continued growth in employment levels, but, at 11.0, the index was somewhat lower than last month. After rising for three consecutive months, the wages index fell twelve points to 29.7, signaling that the pace of growth in wages slowed this month. The prices paid index held steady at 41.1, an indication that the pace of input price increases was unchanged. The prices received index edged down three points to 8.6, pointing to a modest pace of selling price increases. The capital spending index was little changed at 11.0, suggesting continued growth in capital expenditures.

## Outlook Remains Optimistic

Indexes assessing the six-month outlook suggested that firms remained optimistic about future business conditions. After reaching a record high in March, the index for expected business activity fell fourteen points to 40.0, still a fairly high level. The index for future business climate fell to 27.5. The index for expected employment rose two points to 35.0, indicating that strong employment gains are expected in the months ahead, and the index for expected capital spending declined four points to 20.7. ■

## Business Activity



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

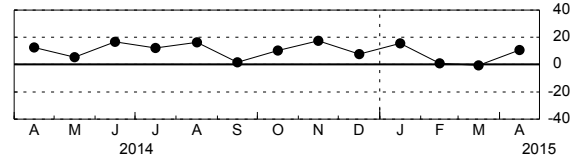
# Current Indicators

Change from Preceding Month

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	28.47	42.34	29.20	-0.73
Apr	33.08	44.62	22.31	10.77

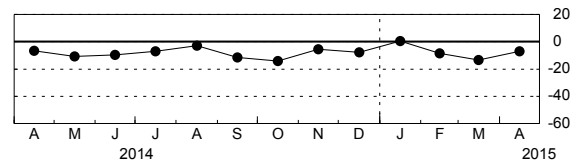
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
Mar	15.44	55.88	28.68	-13.24
Apr	19.08	54.96	25.95	-6.87

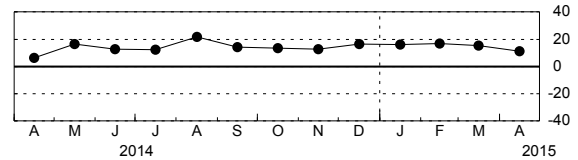
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	28.68	58.09	13.24	15.44
Apr	28.35	54.33	17.32	11.02

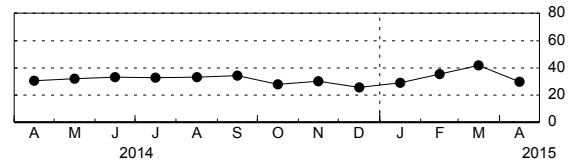
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	45.59	50.74	3.68	41.91
Apr	32.81	64.06	3.13	29.69

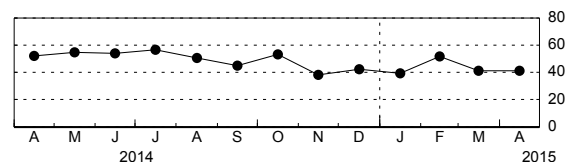
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	44.12	52.94	2.94	41.18
Apr	43.41	54.26	2.33	41.09

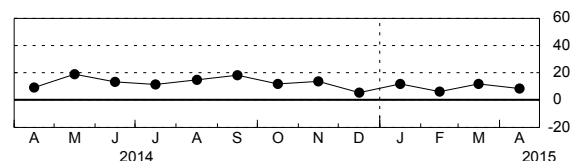
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	22.96	65.93	11.11	11.85
Apr	17.97	72.66	9.38	8.59

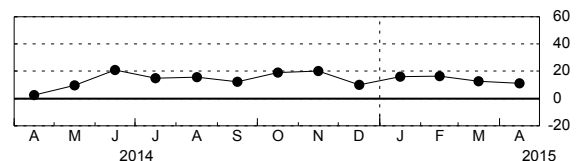
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	25.93	60.74	13.33	12.59
Apr	28.35	54.33	17.32	11.02

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

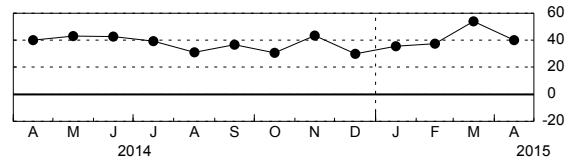
# Forward-Looking Indicators

Expectations Six Months Ahead

## Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	59.85	34.31	5.84	54.01
Apr	51.54	36.92	11.54	40.00

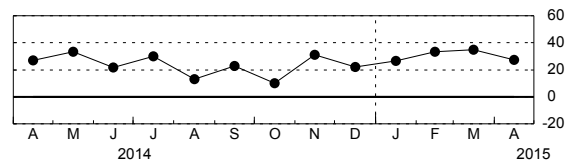
Business Activity - Diffusion Index



## Business Climate

	<u>Better</u>	<u>Same</u>	<u>Worse</u>	<u>Index</u>
Mar	44.53	45.99	9.49	35.04
Apr	35.88	55.73	8.40	27.48

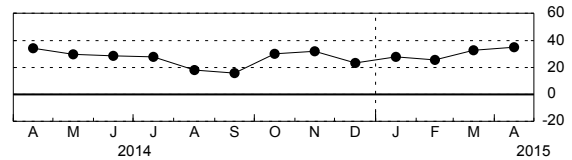
Business Climate - Diffusion Index



## Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	42.19	48.44	9.38	32.81
Apr	45.53	43.90	10.57	34.96

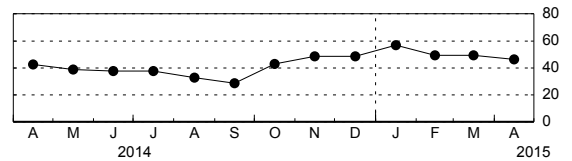
Employment - Diffusion Index



## Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	50.00	49.23	0.77	49.23
Apr	47.15	52.03	0.81	46.34

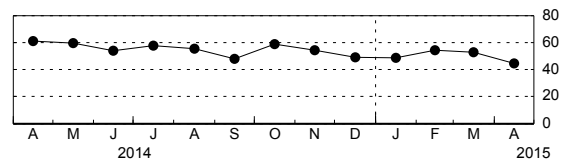
Wages - Diffusion Index



## Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	52.71	47.29	0.00	52.71
Apr	46.34	52.03	1.63	44.72

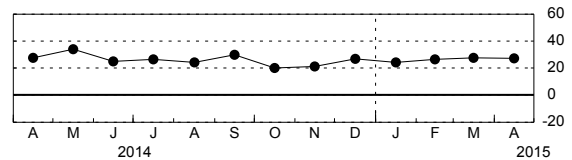
Prices Paid - Diffusion Index



## Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	33.85	60.00	6.15	27.69
Apr	31.97	63.11	4.92	27.05

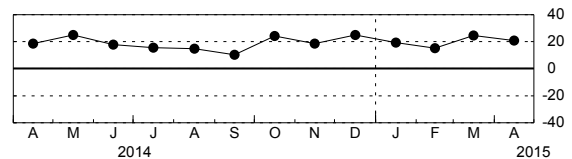
Prices Received - Diffusion Index



## Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	36.92	50.77	12.31	24.62
Apr	35.54	49.59	14.88	20.66

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.