

# Business Leaders Survey

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

Growth in the region's service sector slowed considerably, according to firms responding to the Federal Reserve Bank of New York's June 2019 *Business Leaders Survey*. The survey's headline business activity index fell fifteen points to 5.8, its lowest level since January. The business climate index fell to -1.2, its near zero value indicating that, on balance, firms regarded the business climate as normal. Employment levels increased modestly, and wage increases were slightly more widespread than last month. Both the prices paid and prices received indexes moved lower, pointing to a slower pace of price increases than in May. Optimism waned, with the index for future business climate falling well below zero.

## Nearly Every Indicator Declines

Business activity in the region's service sector grew at a considerably slower pace in June, with nearly every indicator in this month's survey posting a decline. The headline business activity index fell fifteen points to 5.8, its lowest level in several months. Thirty-four percent of respondents reported that conditions improved over the month, and 28 percent said that conditions worsened. The business climate index fell twelve points to -1.2, signaling that, on balance, firms viewed the business climate as normal.

## Price Increases Slow

The employment index fell five points to 7.7, indicating that employment levels increased, though at a slower pace than last month. After declining for the prior two months, the wages index rose four points

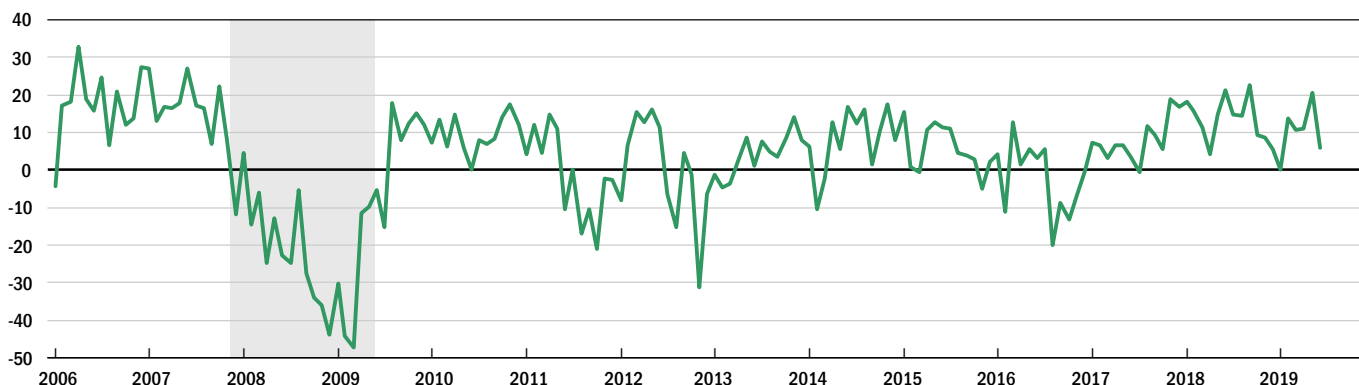
to 41.1, suggesting that wage increases were somewhat more widespread. The prices paid index edged down four points to 46.7, indicating that input prices increased at a slightly slower pace than in May. The prices received index fell nine points to 18.7, a sign that selling price increases also slowed. The capital spending index fell five points to 10.8.

## Optimism Wanes

All indexes assessing the six-month outlook moved lower in June. The index for future business activity decreased thirteen points to 19.8, and the index for future business climate fell below zero, declining 22 points to -12.8. Employment and wages were both expected to increase in the months ahead. The index for planned capital spending fell nine points to 16.8. ■

## Business Activity

Diffusion Index

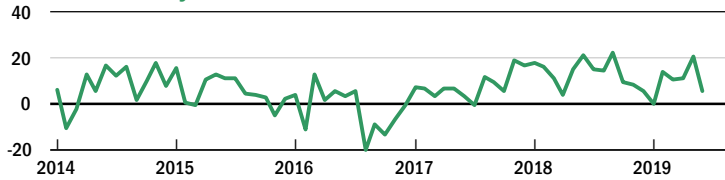


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

# Current Indicators

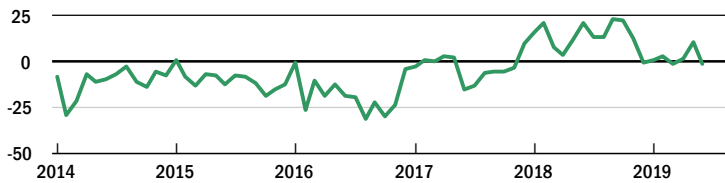
Change from Preceding Month

## Business Activity



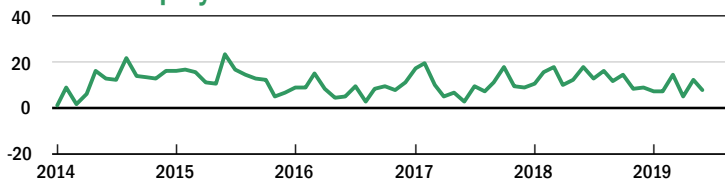
	Percent Reporting		Index
	Higher	Lower	
May	38.9	18.3	20.6
Jun	33.9	28.1	5.8
Change			-14.8

## Business Climate



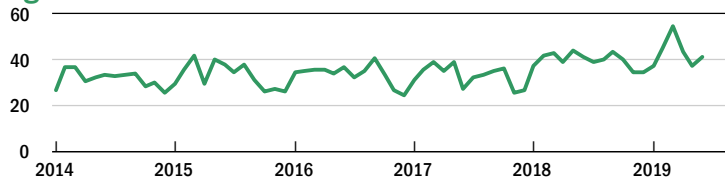
	Percent Reporting		Index
	Favorable	Unfavorable	
May	28.8	18.1	10.7
Jun	23.1	24.3	-1.2
Change			-11.9

## Number of Employees



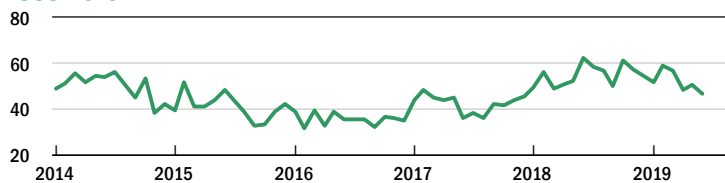
	Percent Reporting		Index
	Higher	Lower	
May	30.2	18.0	12.2
Jun	27.2	19.5	7.7
Change			-4.5

## Wages



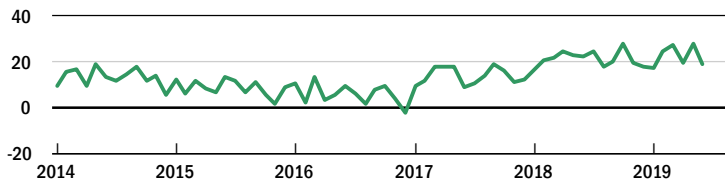
	Percent Reporting		Index
	Higher	Lower	
May	40.6	3.5	37.1
Jun	44.0	3.0	41.1
Change			4.0

## Prices Paid



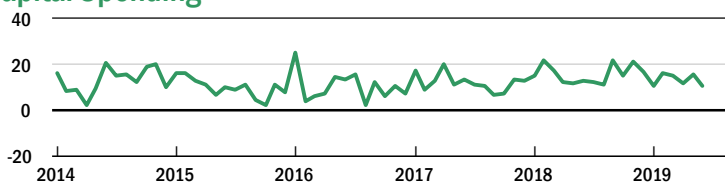
	Percent Reporting		Index
	Higher	Lower	
May	52.6	2.3	50.3
Jun	50.9	4.1	46.7
Change			-3.6

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	32.2	4.1	28.1
Jun	25.3	6.6	18.7
Change			-9.4

## Capital Spending

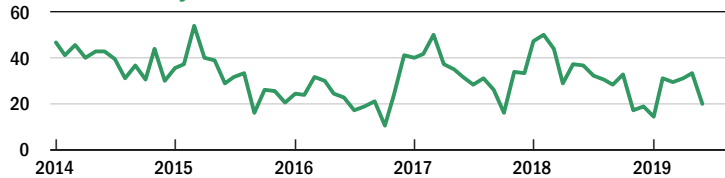


	Percent Reporting		Index
	Higher	Lower	
May	31.5	16.1	15.5
Jun	25.3	14.5	10.8
Change			-4.7

# Forward-Looking Indicators

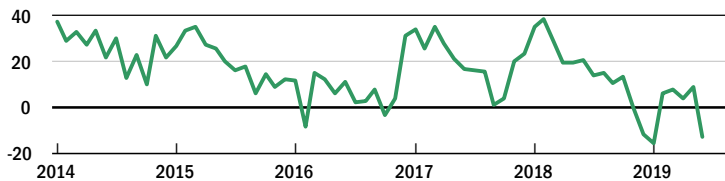
Expectations Six Months Ahead

## Business Activity



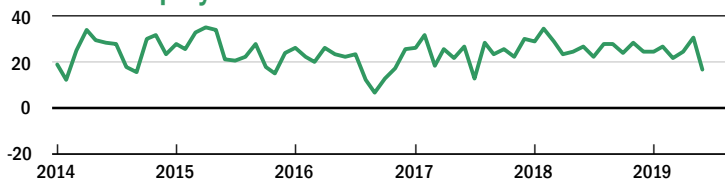
	Percent Reporting		Index
	Higher	Lower	
May	46.3	13.1	33.1
Jun	41.9	22.1	19.8
Change			-13.3

## Business Climate



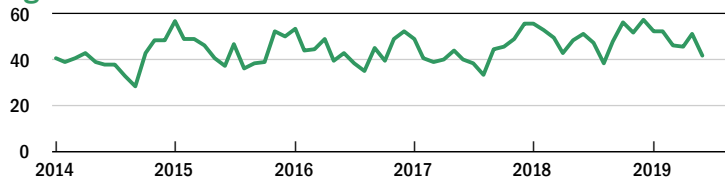
	Percent Reporting		Index
	Favorable	Unfavorable	
May	29.9	20.9	9.0
Jun	20.3	33.1	-12.8
Change			-21.8

## Number of Employees



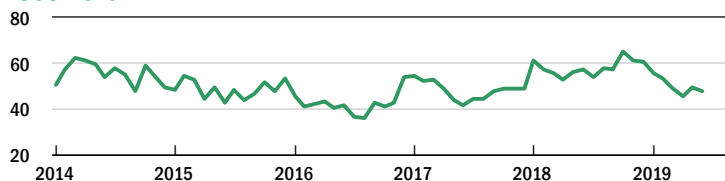
	Percent Reporting		Index
	Higher	Lower	
May	41.7	10.9	30.9
Jun	33.5	16.8	16.8
Change			-14.1

## Wages



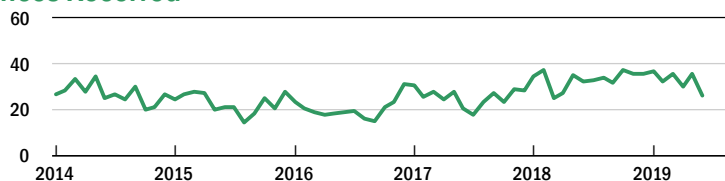
	Percent Reporting		Index
	Higher	Lower	
May	52.3	1.2	51.2
Jun	44.6	3.0	41.7
Change			-9.5

## Prices Paid



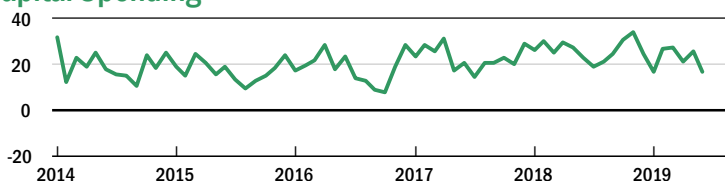
	Percent Reporting		Index
	Higher	Lower	
May	52.6	2.9	49.7
Jun	52.7	4.8	47.9
Change			-1.8

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
May	40.5	4.6	35.8
Jun	34.1	7.8	26.3
Change			-9.5

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
May	38.9	13.1	25.7
Jun	32.9	16.2	16.8
Change			-8.9