

Business Leaders Survey

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

The Federal Reserve Bank of New York's April 2014 *Business Leaders Survey* indicates that activity in the region's service sector grew moderately. The survey's headline business activity index climbed for a second consecutive month, rising fifteen points to 12.7, its highest reading since November. The business climate index also rose fifteen points, but remained negative at -6.7, suggesting that on balance, respondents continued to view the business climate as worse than normal. The employment index rose five points to 6.2, signaling a small increase in employment levels, and the wages index fell six points to 30.5. The prices paid index fell four points to 51.9, a level which indicates a slight slowing in the pace of input price increases, and the prices received index fell seven points to 9.2, pointing to smaller selling price increases. The current capital spending index

fell to 2.3, while the future capital spending index remained fairly high at 18.7. Indexes for the six-month outlook conveyed a strong degree of optimism about future conditions, with a particularly strong gain in the future employment index, which reached a multiyear high.

Business Activity Grows

Business activity expanded in the region's service sector, according to the April 2014 survey. After falling below zero in February and March, likely due in part to harsh winter weather in the region, the business activity index rose fifteen points to 12.7. The business climate index also climbed significantly, but remained negative at -6.7, suggesting that the business climate continued to be viewed as worse than normal, though to a much lesser extent than in February and March.

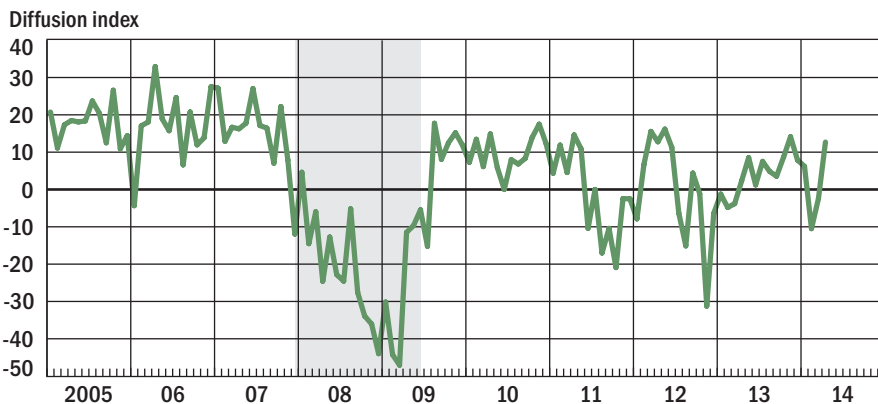
Employment Expands

The employment index rose five points to 6.2, signaling a modest increase in employment levels. The wages index fell six points to 30.5, a level which points to a slowing in wage increases. The prices paid index fell four points to 51.9, indicating a slight slowing in the pace of input price increases, and the prices received index fell seven points to 9.2, pointing to smaller selling price increases. The capital spending index fell seven points to 2.3, suggesting little change in capital expenditures.

Outlook Remains Optimistic

Indexes for the six-month outlook continued to convey strong optimism about future conditions. The index for expected business activity was slightly lower, but remained high at 40.2. The index for future business climate also dipped, but held fairly strong at 27.1. The index for expected employment climbed nine points to 34.2, a multiyear high, and the index for future wages inched up to 42.6. The forward-looking prices paid index was little changed at 61.0, and the future prices received index fell six points to 27.6. The index for expected capital spending fell four points to 18.7. ■

Business Activity



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

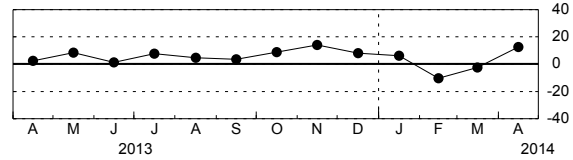
Current Indicators

Change from Preceding Month

Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	29.03	39.52	31.45	-2.42
Apr	40.30	32.09	27.61	12.69

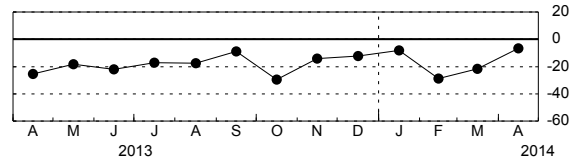
Business Activity - Diffusion Index



Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
Mar	21.77	34.68	43.55	-21.77
Apr	24.63	44.03	31.34	-6.72

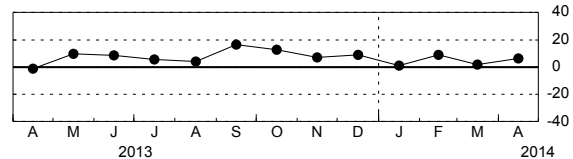
Business Climate - Diffusion Index



Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	23.97	53.72	22.31	1.65
Apr	23.08	60.00	16.92	6.15

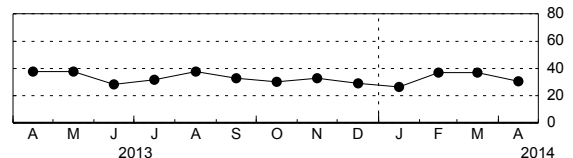
Employment - Diffusion Index



Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	39.34	58.20	2.46	36.89
Apr	32.82	64.89	2.29	30.53

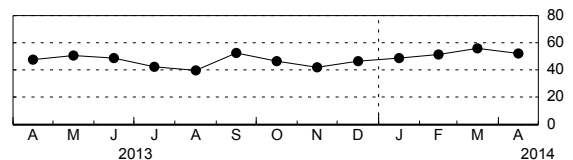
Wages - Diffusion Index



Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	56.56	42.62	0.82	55.74
Apr	55.73	40.46	3.82	51.91

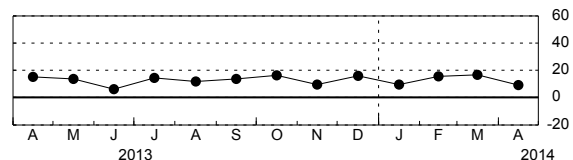
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	28.93	58.68	12.40	16.53
Apr	23.66	61.83	14.50	9.16

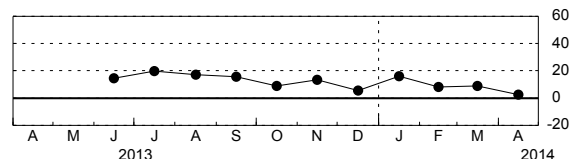
Prices Received - Diffusion Index



Capital Spending*

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	25.41	58.20	16.39	9.02
Apr	24.03	54.26	21.71	2.33

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

*The data begin in June 2013, when this question was first asked.

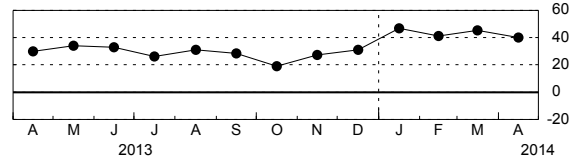
Forward-Looking Indicators

Expectations Six Months Ahead

Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	55.28	34.96	9.76	45.53
Apr	50.00	40.15	9.85	40.15

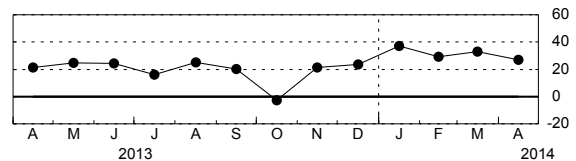
Business Activity - Diffusion Index



Business Climate

	<u>Better</u>	<u>Same</u>	<u>Worse</u>	<u>Index</u>
Mar	47.11	38.84	14.05	33.06
Apr	41.35	44.36	14.29	27.07

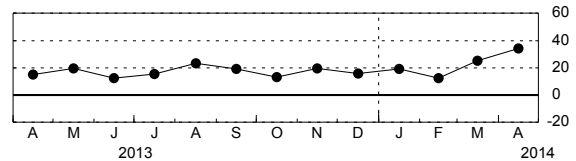
Business Climate - Diffusion Index



Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	38.33	48.33	13.33	25.00
Apr	47.15	39.84	13.01	34.15

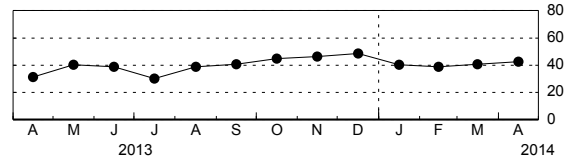
Employment - Diffusion Index



Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	44.17	52.50	3.33	40.83
Apr	43.44	55.74	0.82	42.62

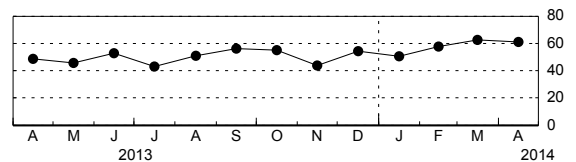
Wages - Diffusion Index



Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	63.33	35.83	0.83	62.50
Apr	62.60	35.77	1.63	60.98

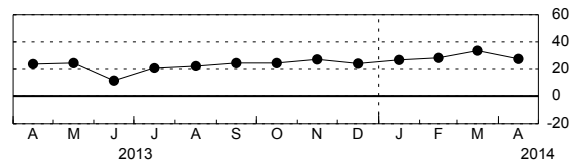
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	39.50	54.62	5.88	33.61
Apr	34.15	59.35	6.50	27.64

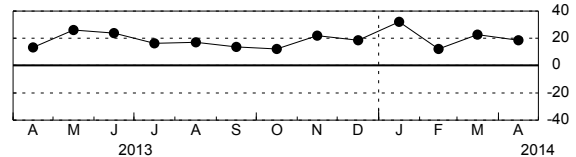
Prices Received - Diffusion Index



Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Mar	36.97	48.74	14.29	22.69
Apr	37.40	43.90	18.70	18.70

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.