

Business Leaders Survey

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

The Federal Reserve Bank of New York's June 2015 *Business Leaders Survey* indicates that activity in the region's service sector expanded moderately. The survey's headline business activity index was little changed at 11.2. The business climate index fell five points, signaling that, on balance, respondents continued to view the business climate as worse than normal. Labor market indicators strengthened this month. The employment index jumped thirteen points to 23.5, a multiyear high, marking a substantial expansion in employment levels. The wages index edged down slightly, but, at 37.6, pointed to a significant pickup in wages. Price indexes suggested that increases in both input prices and selling prices accelerated. The prices paid index rose five points to 48.5, and the prices received index

moved up seven points to 13.5. Indexes assessing the six-month outlook fell noticeably, indicating that optimism about the six-month outlook waned in June.

Growth in Business Activity Continues

Business activity continued to grow in the region's service sector, according to the June survey. The survey's headline business activity index was little changed at 11.2. This month, 37 percent of respondents reported that conditions improved, while 25 percent reported that conditions worsened. The business climate index fell five points to -12.6, indicating that, on balance, firms continued to view the business climate as worse than normal, and to a greater extent than last month.

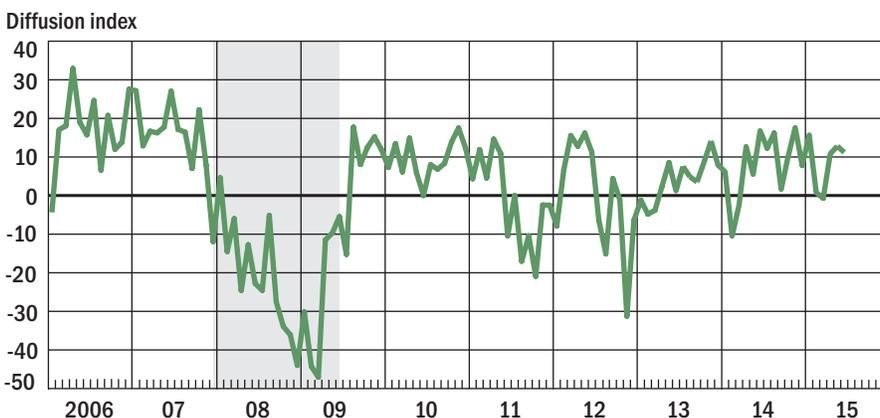
A Substantial Increase in Employment

Labor market indicators pointed to a solid pickup in both employment and wages. The employment index jumped thirteen points to 23.5, its highest level in several years, pointing to substantial growth in employment levels. At 37.6, the wages index was slightly lower than May's level, but continued to indicate strong wage growth. Price indexes marched higher, suggesting a steeper increase in both input prices and selling prices. The prices paid index climbed five points to 48.5, and the prices received index rose seven points to 13.5. The capital spending index edged up to 9.9.

Optimism Wanes

Indexes assessing the six-month outlook suggested that firms were less optimistic about future business conditions. The index for expected business activity moved down ten points to 28.9, its lowest level in over a year, and the index for future business climate retreated five points to 20.2. The index for expected employment dropped thirteen points to 20.9, and the index for future wages drifted down to 37.2. The index for expected capital spending rose four points to 19.2. ■

Business Activity



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

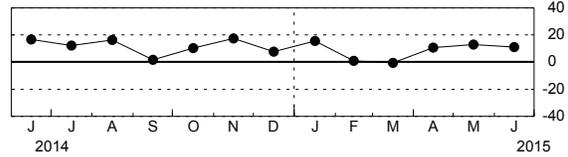
Current Indicators

Change from Preceding Month

Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	37.60	37.60	24.80	12.80
Jun	36.57	38.06	25.37	11.19

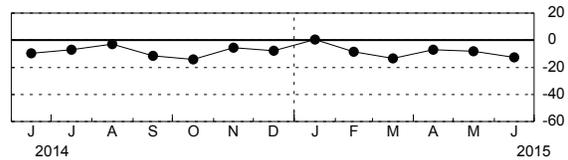
Business Activity - Diffusion Index



Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
May	18.25	55.56	26.19	-7.94
Jun	18.52	50.37	31.11	-12.59

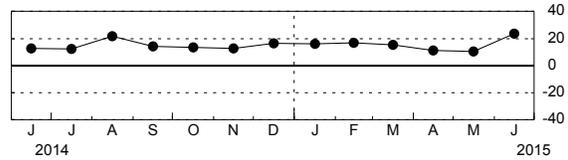
Business Climate - Diffusion Index



Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	26.83	56.91	16.26	10.57
Jun	34.85	53.79	11.36	23.48

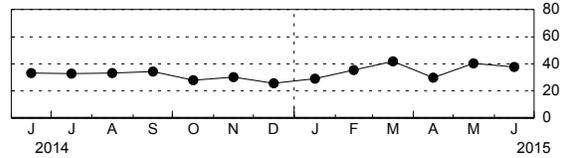
Employment - Diffusion Index



Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	42.62	54.92	2.46	40.16
Jun	40.60	56.39	3.01	37.59

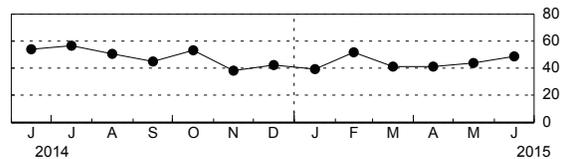
Wages - Diffusion Index



Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	46.34	51.22	2.44	43.90
Jun	50.75	47.01	2.24	48.51

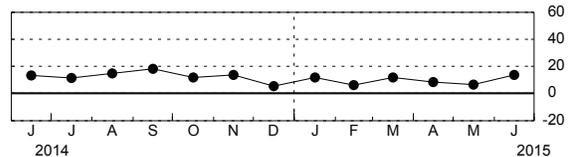
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	21.49	63.64	14.88	6.61
Jun	23.31	66.92	9.77	13.53

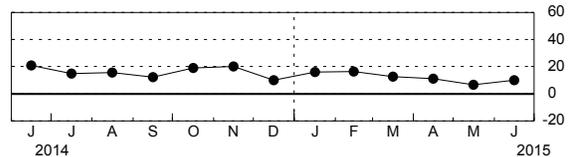
Prices Received - Diffusion Index



Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
May	29.75	47.11	23.14	6.61
Jun	33.33	43.18	23.48	9.85

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

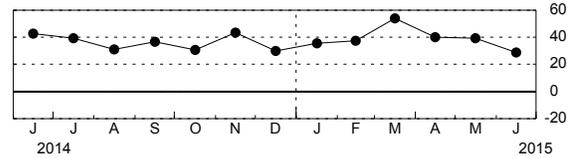
Forward-Looking Indicators

Expectations Six Months Ahead

Business Activity

	Higher	Same	Lower	Index
May	51.20	36.80	12.00	39.20
Jun	44.44	40.00	15.56	28.89

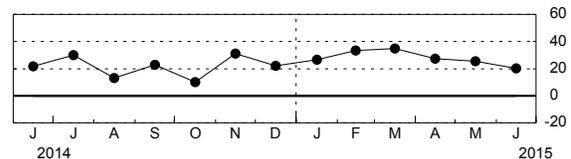
Business Activity - Diffusion Index



Business Climate

	Better	Same	Worse	Index
May	36.80	52.00	11.20	25.60
Jun	32.84	54.48	12.69	20.15

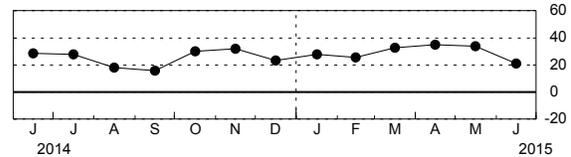
Business Climate - Diffusion Index



Employment

	Higher	Same	Lower	Index
May	42.15	49.59	8.26	33.88
Jun	33.33	54.26	12.40	20.93

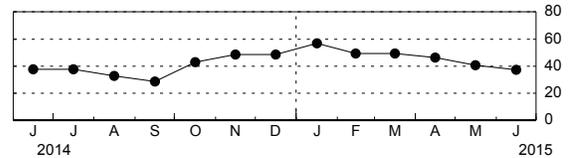
Employment - Diffusion Index



Wages

	Higher	Same	Lower	Index
May	44.17	52.50	3.33	40.83
Jun	40.31	56.59	3.10	37.21

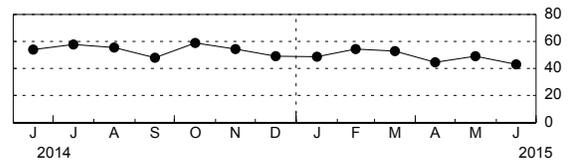
Wages - Diffusion Index



Prices Paid

	Higher	Same	Lower	Index
May	52.50	44.17	3.33	49.17
Jun	44.53	53.91	1.56	42.97

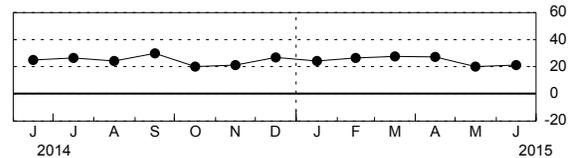
Prices Paid - Diffusion Index



Prices Received

	Higher	Same	Lower	Index
May	31.09	57.98	10.92	20.17
Jun	28.13	64.84	7.03	21.09

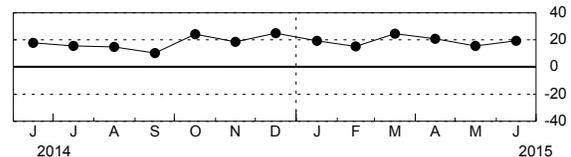
Prices Received - Diffusion Index



Capital Spending

	Higher	Same	Lower	Index
May	35.54	44.63	19.83	15.70
Jun	36.80	45.60	17.60	19.20

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.