

Business Leaders Survey

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

The Federal Reserve Bank of New York's June 2016 *Business Leaders Survey* indicates that activity in the region's service sector expanded slightly. The survey's headline business activity index edged down two points to 3.2. The business climate index fell seven points to -19.1, signaling that, on balance, respondents continued to view the business climate as worse than normal. The employment index was little changed at 5.1, pointing to a small increase in employment levels, and the wages index inched up to 36.5. Input price increases were slightly smaller and selling price increases were slightly larger than last month. Indexes assessing the six-month outlook indicated that firms were mildly optimistic about future business conditions.

Business Activity Somewhat Higher in June

Business activity increased slightly in the region's service sector, according to the June 2016 survey. The survey's headline business activity index edged down two points to 3.2. Thirty-four percent of respondents reported that conditions improved over the month, while 30 percent reported that conditions worsened. The business climate index declined seven points to -19.1, suggesting that, on balance, firms continued to view the business climate as worse than normal, and to a greater extent than last month.

Labor Market Marginally Improves

The employment index was little changed at 5.1, signaling that, like

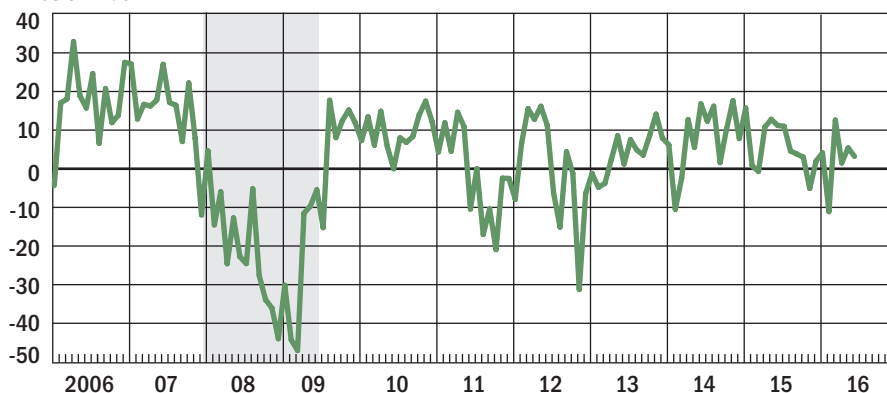
last month, employment levels increased to a small degree. The wages index advanced two points to 36.5, suggesting that moderate wage increases continued. The prices paid index moved down three points to 35.5, pointing to a slightly slower pace of input price increases, and the prices received index rose four points to 9.6, indicating that selling prices climbed at a slightly faster pace. The capital spending index was little changed at 13.6.

Outlook Remains Mildly Optimistic

Indexes assessing the six-month outlook suggested that firms were mildly optimistic about future business conditions. The index for future business activity fell for a third consecutive month, dipping two points to 22.6, and the index for future business climate rose five points to 11.3. The index for expected employment suggested that employment was expected to continue to expand in the months ahead. The index for future capital spending rose five points to 23.2, indicating that spending plans remain firm. ■

Business Activity

Diffusion index



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

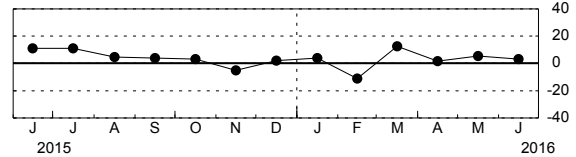
Current Indicators

Change from Preceding Month

Business Activity

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 32.53 | 40.36 | 27.11 | 5.42 |
| Jun | 33.54 | 36.08 | 30.38 | 3.16 |

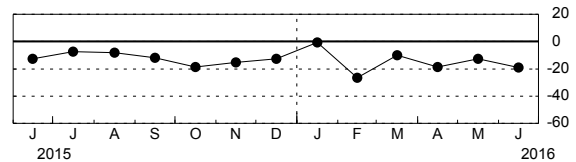
Business Activity - Diffusion Index



Business Climate

| | <u>Better</u> | <u>Normal</u> | <u>Worse</u> | <u>Index</u> |
|-----|---------------|---------------|--------------|--------------|
| May | 20.83 | 45.83 | 33.33 | -12.50 |
| Jun | 17.83 | 45.22 | 36.94 | -19.11 |

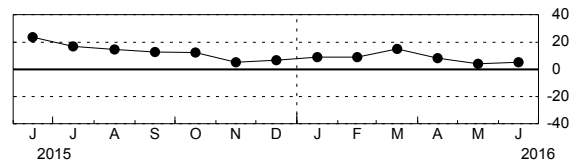
Business Climate - Diffusion Index



Employment

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 23.95 | 56.29 | 19.76 | 4.19 |
| Jun | 27.39 | 50.32 | 22.29 | 5.10 |

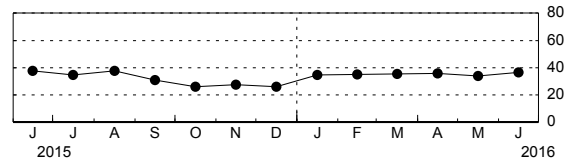
Employment - Diffusion Index



Wages

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 37.13 | 59.88 | 2.99 | 34.13 |
| Jun | 40.38 | 55.77 | 3.85 | 36.54 |

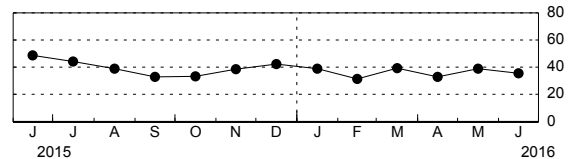
Wages - Diffusion Index



Prices Paid

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 42.51 | 53.89 | 3.59 | 38.92 |
| Jun | 40.00 | 55.48 | 4.52 | 35.48 |

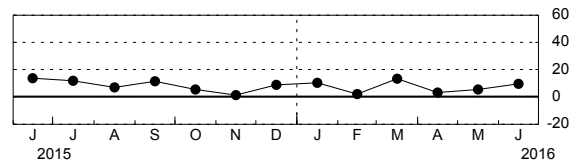
Prices Paid - Diffusion Index



Prices Received

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 17.58 | 70.30 | 12.12 | 5.45 |
| Jun | 20.38 | 68.79 | 10.83 | 9.55 |

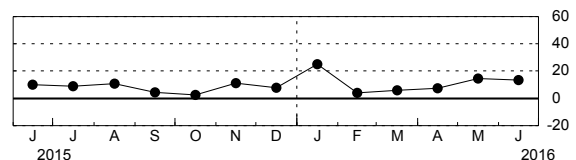
Prices Received - Diffusion Index



Capital Spending

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 33.33 | 47.88 | 18.79 | 14.55 |
| Jun | 32.90 | 47.74 | 19.35 | 13.55 |

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.

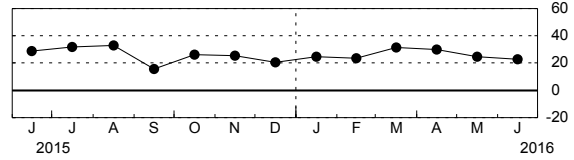
Forward-Looking Indicators

Expectations Six Months Ahead

Business Activity

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 40.12 | 44.31 | 15.57 | 24.55 |
| Jun | 42.77 | 37.11 | 20.13 | 22.64 |

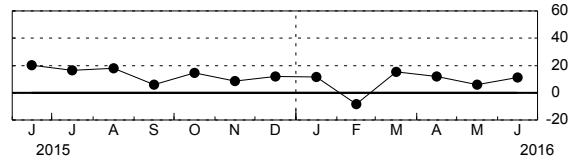
Business Activity - Diffusion Index



Business Climate

| | <u>Better</u> | <u>Same</u> | <u>Worse</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 26.79 | 52.38 | 20.83 | 5.95 |
| Jun | 30.82 | 49.69 | 19.50 | 11.32 |

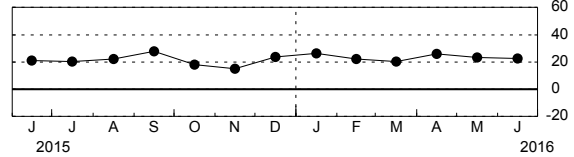
Business Climate - Diffusion Index



Employment

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 37.04 | 49.38 | 13.58 | 23.46 |
| Jun | 37.18 | 48.08 | 14.74 | 22.44 |

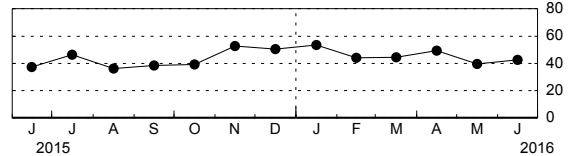
Employment - Diffusion Index



Wages

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 42.68 | 54.27 | 3.05 | 39.63 |
| Jun | 45.81 | 50.97 | 3.23 | 42.58 |

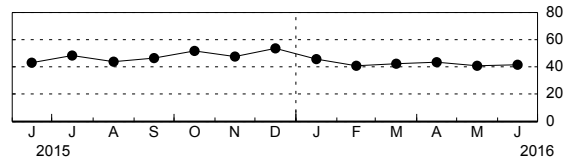
Wages - Diffusion Index



Prices Paid

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 45.06 | 50.62 | 4.32 | 40.74 |
| Jun | 43.42 | 54.61 | 1.97 | 41.45 |

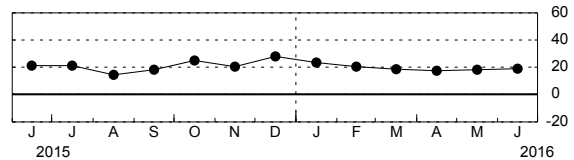
Prices Paid - Diffusion Index



Prices Received

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 26.88 | 64.38 | 8.75 | 18.13 |
| Jun | 28.57 | 61.69 | 9.74 | 18.83 |

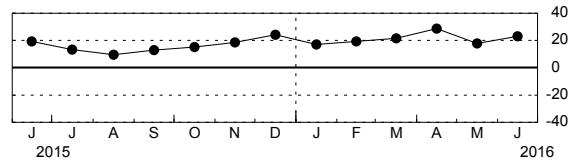
Prices Received - Diffusion Index



Capital Spending

| | <u>Higher</u> | <u>Same</u> | <u>Lower</u> | <u>Index</u> |
|-----|---------------|-------------|--------------|--------------|
| May | 35.58 | 46.63 | 17.79 | 17.79 |
| Jun | 38.06 | 47.10 | 14.84 | 23.23 |

Capital Spending - Diffusion Index



Note: Data are not seasonally adjusted.