

Business Leaders Survey

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

Note: Survey responses were collected between April 2 and April 9.

Business activity expanded in the region's service sector for the first time since the pandemic began, according to firms responding to the Federal Reserve Bank of New York's April 2021 *Business Leaders Survey*. The survey's headline business activity index surged thirty-five points to 30.2. The business climate index increased twenty-five points to -25.6, indicating that firms continued to view the business climate as worse than normal, but much less extensively than in recent months. Employment levels moved higher for the first time in over a year, and wages continued to increase moderately. Input price increases remained significant in April, and selling price increases picked up yet again. Capital spending leveled off after falling for the prior twelve months, and capital spending plans over the next six months picked up. Looking ahead, firms expressed widespread optimism

that conditions would improve, with the future employment index reaching a record high.

Activity Expands for First Time Since Pandemic Began

Business activity in the region's service sector increased in April for the first time since February of last year. The headline business activity index shot up thirty-five points to 30.2. Forty-seven percent of respondents reported that conditions improved over the month, while 17 percent said that conditions worsened. The business climate index rose twenty-five points to -25.6, with about half of respondents viewing the business climate as worse than normal but a quarter saying the business climate was better than normal.

Employment Increases

The employment index rose fifteen points to 7.5, its first positive reading since the

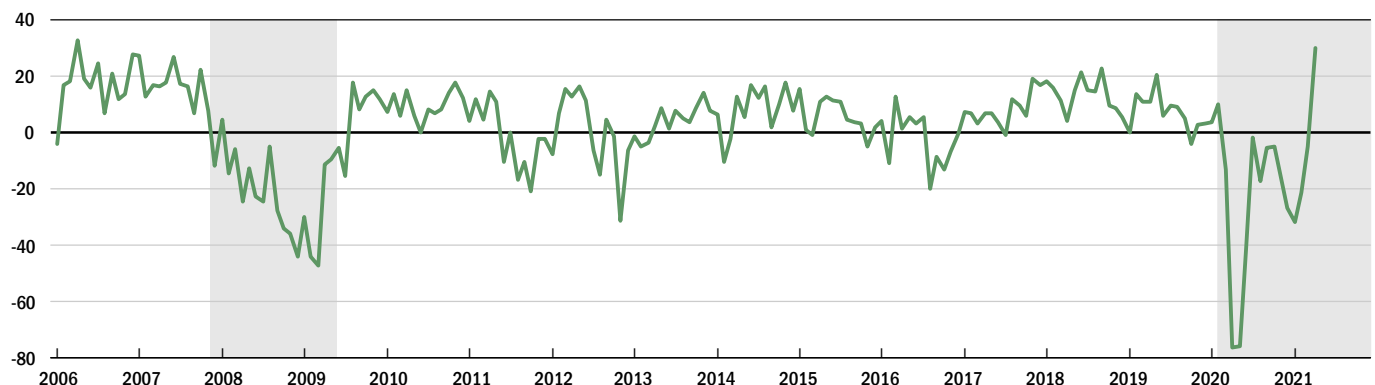
pandemic began, pointing to a modest increase in employment levels. The wages index was little changed at 31.9, signaling ongoing moderate wage increases. As in recent months, price increases remained significant. The prices paid index held steady at 55.0, its highest level in two years, and the prices received index rose four points to 18.7. The capital spending index rose to 1.3, suggesting that capital spending held steady.

Widespread Optimism about Future Conditions

The indexes for future business activity and future business climate both advanced to record levels, pointing to widespread optimism about future conditions. The index for future employment rose to 47.6, also a record high. Wages and prices are expected to continue to rise, and firms expect to increase capital spending in the months ahead. ■

Business Activity

Diffusion Index

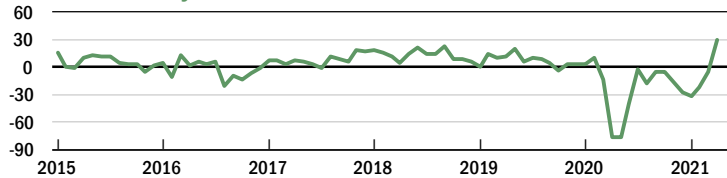


Note: The shaded areas indicate a period designated a recession by the National Bureau of Economic Research.

Current Indicators

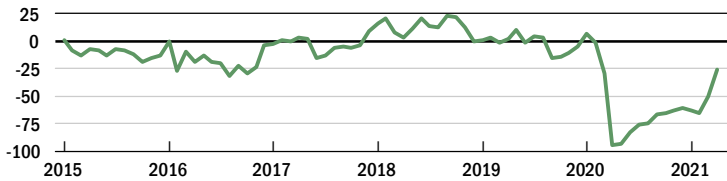
Change from Preceding Month

Business Activity



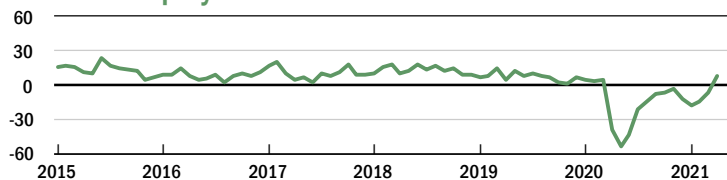
	Percent Reporting		Index
	Higher	Lower	
Mar	27.0	31.7	-4.8
Apr	46.7	16.5	30.2
Change			35.0

Business Climate



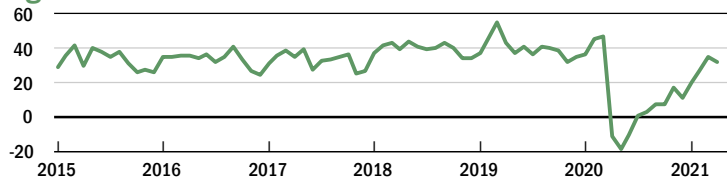
	Percent Reporting		Index
	Favorable	Unfavorable	
Mar	14.6	65.0	-50.4
Apr	25.2	50.8	-25.6
Change			24.8

Number of Employees



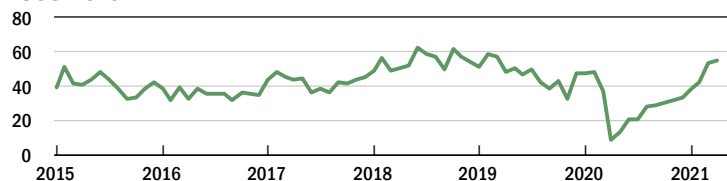
	Percent Reporting		Index
	Higher	Lower	
Mar	17.9	25.0	-7.1
Apr	26.8	19.2	7.5
Change			14.6

Wages



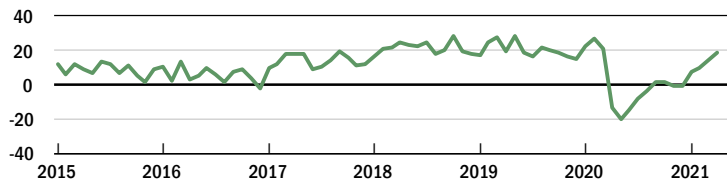
	Percent Reporting		Index
	Higher	Lower	
Mar	38.2	3.2	34.9
Apr	35.3	3.4	31.9
Change			-3.0

Prices Paid



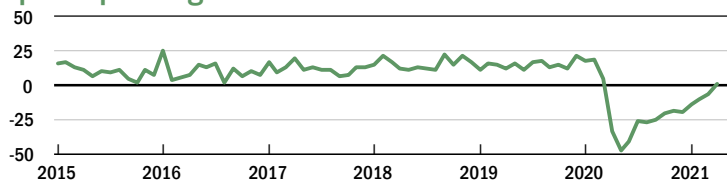
	Percent Reporting		Index
	Higher	Lower	
Mar	56.4	3.2	53.2
Apr	57.1	2.1	55.0
Change			1.8

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Mar	25.8	11.3	14.5
Apr	28.1	9.4	18.7
Change			4.2

Capital Spending

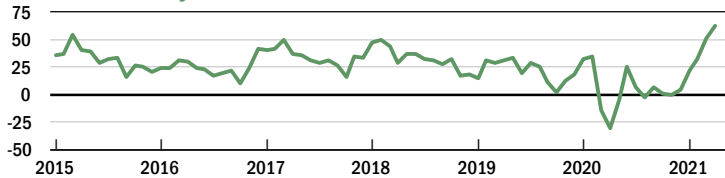


	Percent Reporting		Index
	Higher	Lower	
Mar	18.5	25.4	-6.9
Apr	23.2	21.9	1.3
Change			8.2

Forward-Looking Indicators

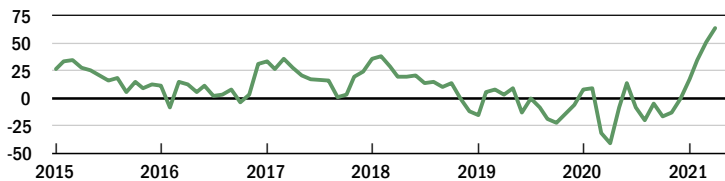
Expectations Six Months Ahead

Business Activity



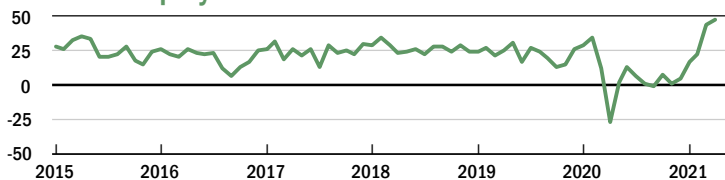
	Percent Reporting		Index
	Higher	Lower	
Mar	62.5	12.0	50.6
Apr	69.9	7.5	62.3
Change			11.7

Business Climate



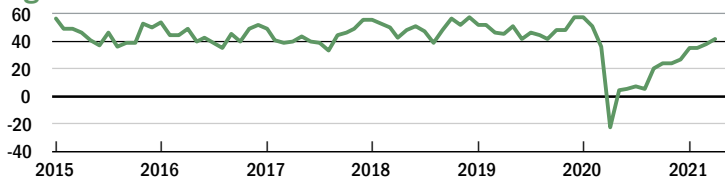
	Percent Reporting		Index
	Better	Worse	
Mar	63.3	12.5	50.8
Apr	70.8	6.8	64.0
Change			13.2

Number of Employees



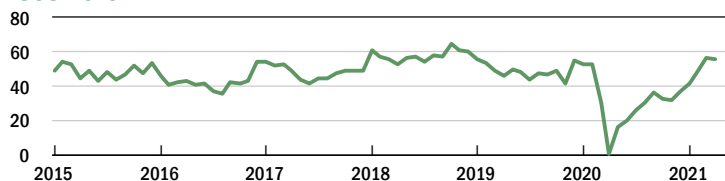
	Percent Reporting		Index
	Higher	Lower	
Mar	52.8	8.9	44.0
Apr	55.0	7.4	47.6
Change			3.6

Wages



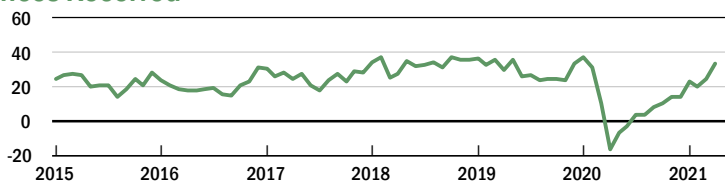
	Percent Reporting		Index
	Higher	Lower	
Mar	41.0	2.9	38.1
Apr	44.2	2.1	42.1
Change			4.0

Prices Paid



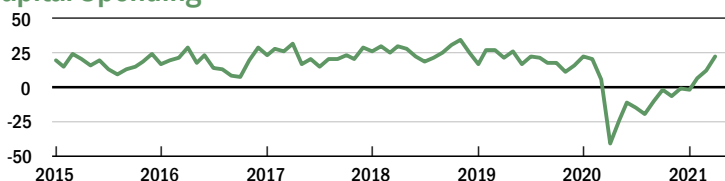
	Percent Reporting		Index
	Higher	Lower	
Mar	59.5	3.2	56.3
Apr	56.6	0.9	55.7
Change			-0.6

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Mar	32.1	7.3	24.8
Apr	36.9	3.4	33.5
Change			8.7

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Mar	31.6	19.4	12.1
Apr	36.2	13.6	22.6
Change			10.5