

# Business Leaders Survey

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

Activity in the region's service sector declined for a fourth consecutive month, according to firms responding to the Federal Reserve Bank of New York's November 2016 *Business Leaders Survey*. While the survey's headline business activity index climbed six points from October's level, it remained negative at -6.8. Similarly, the business climate index rose six points to -23.9, signaling that respondents generally continued to view the business climate as worse than normal, though to a lesser extent than last month. The employment index was little changed at 8.0, pointing to a modest increase in employment levels, and the wages index moved down six points to 26.9, its lowest level this year, suggesting that wage increases slowed. The prices paid index held steady at 35.8, signaling that input prices continued to rise at a moderate pace, while the prices received index

fell five points to 3.8, suggesting only a small increase in selling prices. Indexes for current and future capital spending plans moved higher. Looking ahead, indexes assessing the six-month outlook indicated that firms were more optimistic about future business conditions.

## Business Activity Continues to Sag

Business activity declined again in November in the region's service sector. The survey's headline business activity index increased six points to -6.8, suggesting that activity declined less steeply than in October. Twenty-four percent of respondents reported that conditions improved over the month, while 30 percent reported that conditions worsened. The business climate index, while also higher, remained negative at -23.9, signaling that, on balance, firms viewed the business climate as

worse than normal, though to a lesser extent than last month.

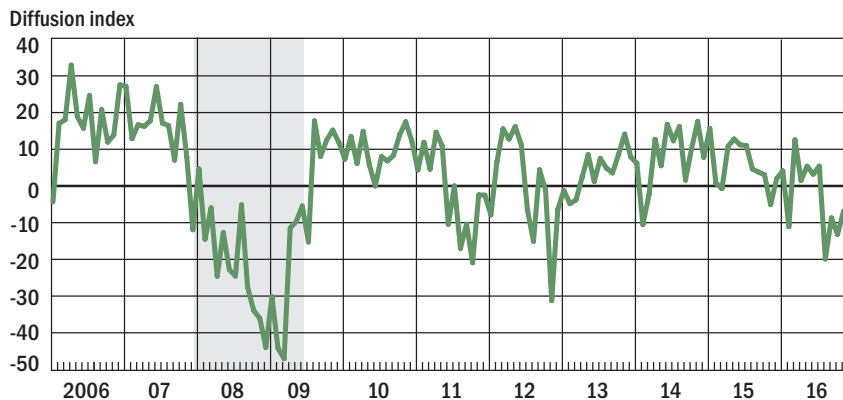
## A Modest Increase in Employment

The employment index was little changed at 8.0, signaling that employment continued to expand modestly. The wages index moved down six points to 26.9, its lowest level of 2016, suggesting that wages increased at their slowest pace of the year. The prices paid index held steady at 35.8, indicating that input prices continued to increase at the same pace as last month, while the prices received index fell five points to 3.8, pointing to a slight rise in selling prices. The capital spending index edged four points higher to 10.6.

## Greater Optimism about Future Conditions

Indexes assessing the six-month outlook suggested that firms were more optimistic about future conditions. The index for future business activity rose 13 points to 23.6, and the index for future business climate climbed out of negative territory to 3.7. The index for expected employment advanced five points to 17.2, and the index for future capital spending rose twelve points to 19.2. ■

## Business Activity

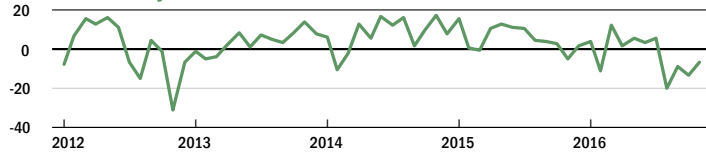


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

# Current Indicators

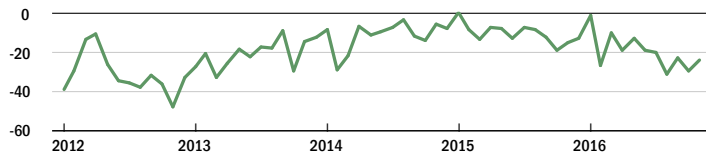
Change from Preceding Month

## Business Activity



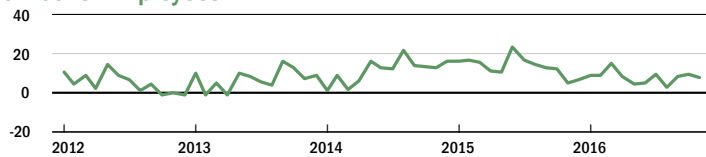
	Percent Reporting		Index
	Higher	Lower	
Oct	25.0	38.2	-13.2
Nov	23.5	30.2	-6.8
Change			6.4

## Business Climate



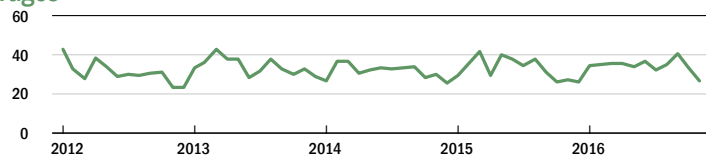
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	10.3	40.0	-29.7
Nov	13.5	37.4	-23.9
Change			5.8

## Number of Employees



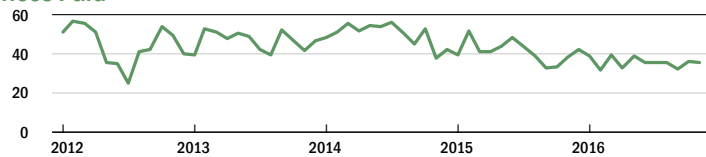
	Percent Reporting		Index
	Higher	Lower	
Oct	28.5	18.8	9.7
Nov	30.9	22.8	8.0
Change			-1.7

## Wages



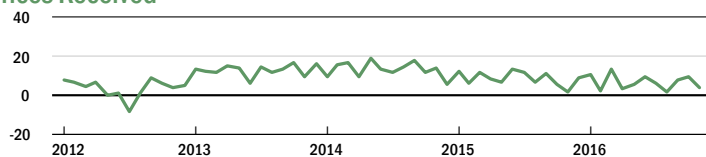
	Percent Reporting		Index
	Higher	Lower	
Oct	36.1	2.8	33.3
Nov	29.4	2.5	26.9
Change			-6.4

## Prices Paid



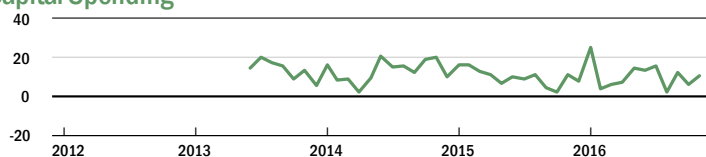
	Percent Reporting		Index
	Higher	Lower	
Oct	38.5	2.1	36.4
Nov	38.9	3.1	35.8
Change			-0.6

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	18.3	9.2	9.2
Nov	15.7	11.9	3.8
Change			-5.4

## Capital Spending



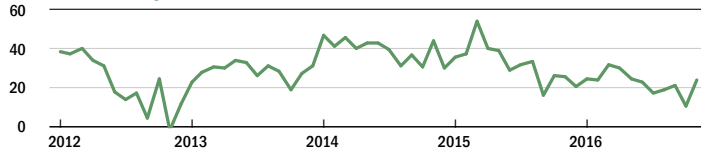
	Percent Reporting		Index
	Higher	Lower	
Oct	26.6	20.3	6.3
Nov	28.1	17.5	10.6
Change			4.3

Note: Data are not seasonally adjusted.

# Forward-Looking Indicators

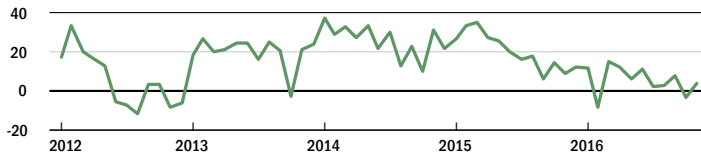
Expectations Six Months Ahead

## Business Activity



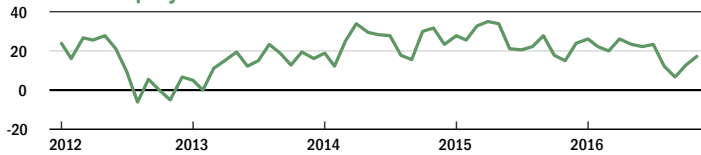
	Percent Reporting		Index
	Higher	Lower	
Oct	31.2	20.6	10.6
Nov	41.6	18.0	23.6
Change			13.0

## Business Climate



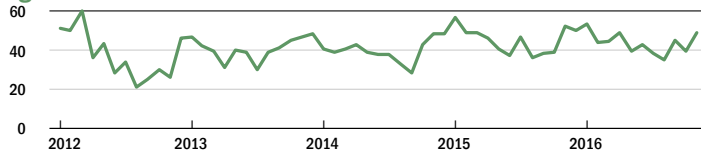
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	20.7	24.3	-3.6
Nov	25.3	21.6	3.7
Change			7.3

## Number of Employees



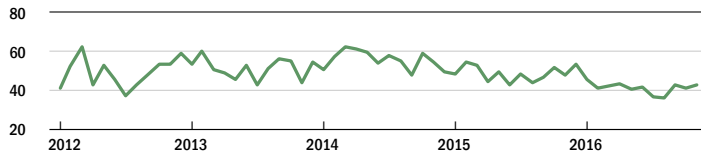
	Percent Reporting		Index
	Higher	Lower	
Oct	30.1	17.5	12.6
Nov	34.4	17.2	17.2
Change			4.6

## Wages



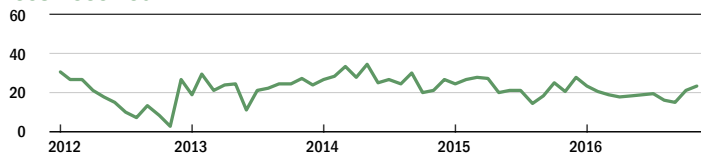
	Percent Reporting		Index
	Higher	Lower	
Oct	40.8	1.4	39.4
Nov	51.6	2.5	49.1
Change			9.7

## Prices Paid



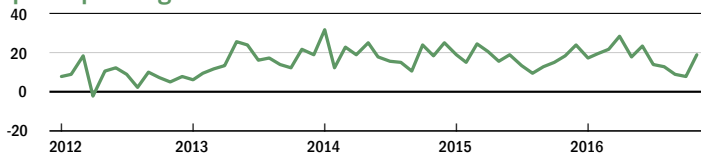
	Percent Reporting		Index
	Higher	Lower	
Oct	45.5	4.2	41.3
Nov	45.6	2.5	43.0
Change			1.7

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	29.4	8.4	21.0
Nov	32.1	9.0	23.1
Change			2.1

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Oct	30.1	22.4	7.7
Nov	32.7	13.5	19.2
Change			11.5

Note: Data are not seasonally adjusted.