

Business Leaders Survey

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

The Federal Reserve Bank of New York's October 2015 *Business Leaders Survey* indicates that activity in the region's service sector continued to expand modestly. The survey's headline business activity index was little changed at 3.0. The business climate index fell seven points to -18.8, its lowest level in more than a year, signaling that, on balance, respondents continued to view the business climate as worse than normal, and to a greater degree than last month. The employment index revealed continued gains in employment, and the wages index slipped five points to 26.2, pointing to a slower pace of wage gains. The pace of input price increases held steady, with the prices paid index little changed at 33.3. The prices received index moved down six points to 5.4, a sign of slower selling price increases. Indexes assessing the six-month outlook

climbed, suggesting that firms were more optimistic about future business conditions than they were last month.

Business activity continues to expand modestly

Business activity expanded modestly in the region's service sector, according to the October survey. The survey's headline business activity index was little changed at 3.0, continuing a series of three consecutive readings in the single digits and suggesting that growth remained subdued. This month, 35 percent of respondents reported that conditions improved, while 32 percent reported that conditions worsened. The business climate index fell seven points to -18.8, its lowest level since early 2014, an indication that, on balance, firms continued to view the business climate as worse than normal.

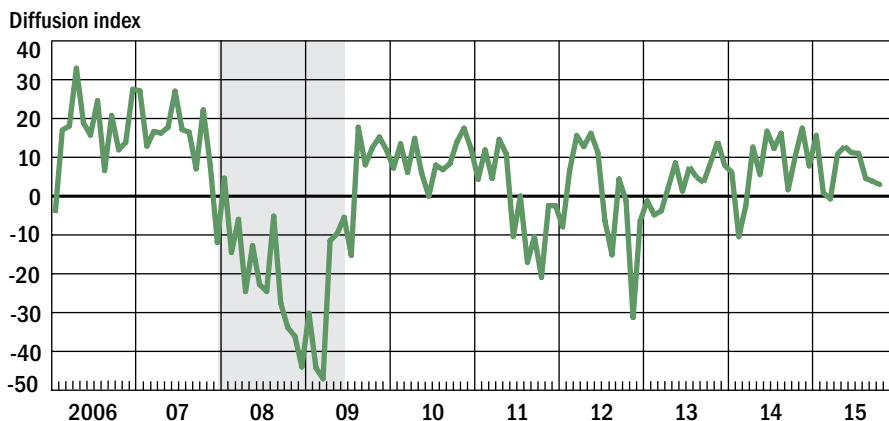
Employment grows, wage growth slows

The employment index was little changed at 12.2, signaling that employment continued to grow modestly. The wages index fell five points to 26.2, its second consecutive monthly decline, indicating that wage growth slowed. The prices paid index held steady at 33.3, suggesting that input prices increased at the same pace as last month. The prices received index fell six points to 5.4, an indication that selling price increases slowed. The capital spending index edged down to 2.3, signifying that capital spending grew slightly.

Optimism about future conditions remains subdued

Indexes assessing the six-month outlook suggested that firms were somewhat more optimistic about future business conditions than they were last month, although the level of optimism remained subdued compared with earlier this year. After reaching a multiyear low last month, the index for expected business activity jumped eleven points to 26.3. The index for future business climate rose nine points to 14.6. The index for expected employment dropped ten points to 18.1, and the indexes for expected prices climbed higher. ■

Business Activity



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

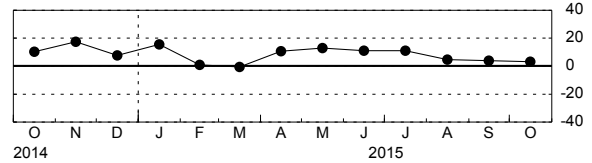
Current Indicators

Change from Preceding Month

Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	32.33	39.10	28.57	3.76
Oct	35.34	32.33	32.33	3.01

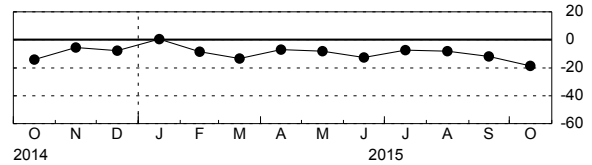
Business Activity - Diffusion Index



Business Climate

	<u>Better</u>	<u>Normal</u>	<u>Worse</u>	<u>Index</u>
Sep	19.55	48.87	31.58	-12.03
Oct	18.05	45.11	36.84	-18.80

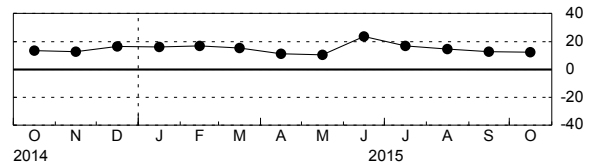
Business Climate - Diffusion Index



Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	29.55	53.79	16.67	12.88
Oct	27.48	57.25	15.27	12.21

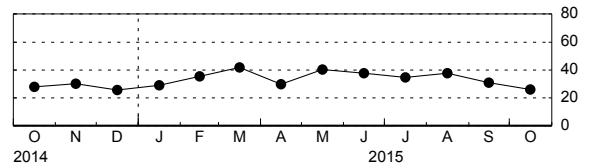
Employment - Diffusion Index



Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	33.33	64.39	2.27	31.06
Oct	27.69	70.77	1.54	26.15

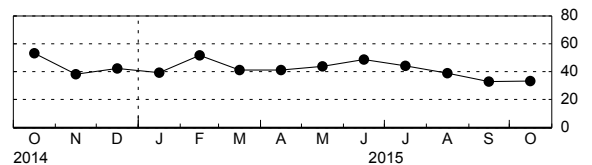
Wages - Diffusion Index



Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	37.31	58.21	4.48	32.84
Oct	38.64	56.06	5.30	33.33

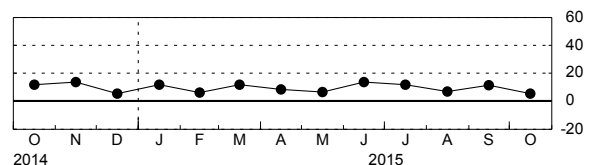
Prices Paid - Diffusion Index



Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	21.97	67.42	10.61	11.36
Oct	18.46	68.46	13.08	5.38

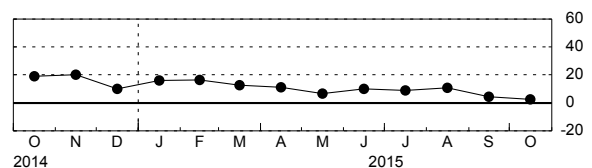
Prices Received - Diffusion Index



Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	27.27	50.00	22.73	4.55
Oct	23.08	56.15	20.77	2.31

Capital Spending - Diffusion Index



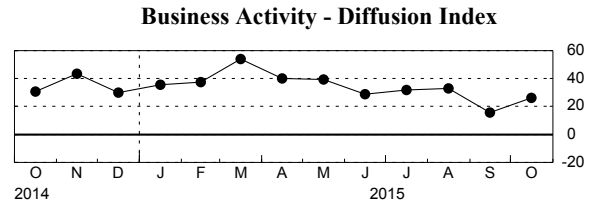
Note: Data are not seasonally adjusted.

Forward-Looking Indicators

Expectations Six Months Ahead

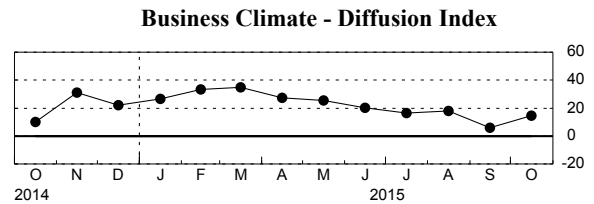
Business Activity

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	37.59	40.60	21.80	15.79
Oct	45.86	34.59	19.55	26.32



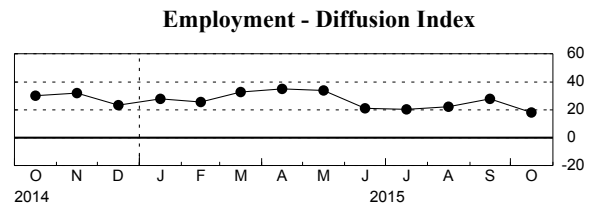
Business Climate

	<u>Better</u>	<u>Same</u>	<u>Worse</u>	<u>Index</u>
Sep	29.55	46.97	23.48	6.06
Oct	33.85	46.92	19.23	14.62



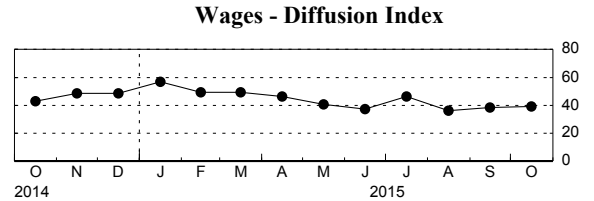
Employment

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	37.30	53.17	9.52	27.78
Oct	32.28	53.54	14.17	18.11



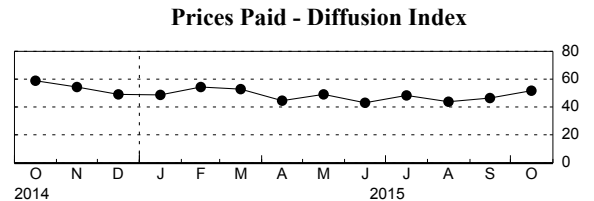
Wages

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	40.16	58.27	1.57	38.58
Oct	41.41	56.25	2.34	39.06



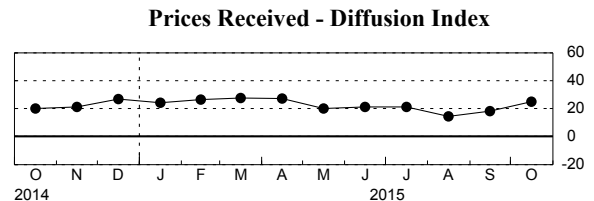
Prices Paid

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	49.60	47.20	3.20	46.40
Oct	53.17	45.24	1.59	51.59



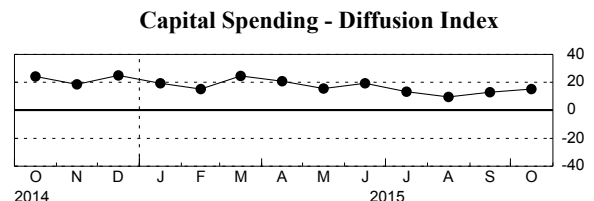
Prices Received

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	25.40	67.46	7.14	18.25
Oct	36.00	52.80	11.20	24.80



Capital Spending

	<u>Higher</u>	<u>Same</u>	<u>Lower</u>	<u>Index</u>
Sep	33.60	45.60	20.80	12.80
Oct	31.75	51.59	16.67	15.08



Note: Data are not seasonally adjusted.