

Business Leaders Survey

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

Activity in the region's service sector expanded modestly, according to firms responding to the Federal Reserve Bank of New York's November 2018 *Business Leaders Survey*. The survey's headline business activity index was little changed at 8.6. The business climate index moved down nine points to 12.9, a sign that firms, on balance, regarded the business climate as better than normal, though to a lesser extent than last month. Employment levels increased modestly, and wage increases continued, though they were somewhat less widespread than in October. The prices paid index remained elevated at 57.1, and the selling price index fell nine points to 19.5. Optimism waned, with the index for future business climate falling to zero for the first time in more than a year.

Growth Remains Modest

Business activity expanded modestly in the region's service sector in November. The headline business activity index held steady at 8.6. Thirty-two percent of respondents reported that conditions improved over the month, while 24 percent said that conditions worsened. The business climate index fell nine points to 12.9, signaling that, on balance, firms viewed the business climate as better than normal, though to a lesser extent than in October.

Price Indexes Remain Elevated

The employment index fell six points to 8.6, indicating that employment increased, though at a slower pace than last month. The wages index fell six points to 34.2, suggesting that while wage gains were significant,

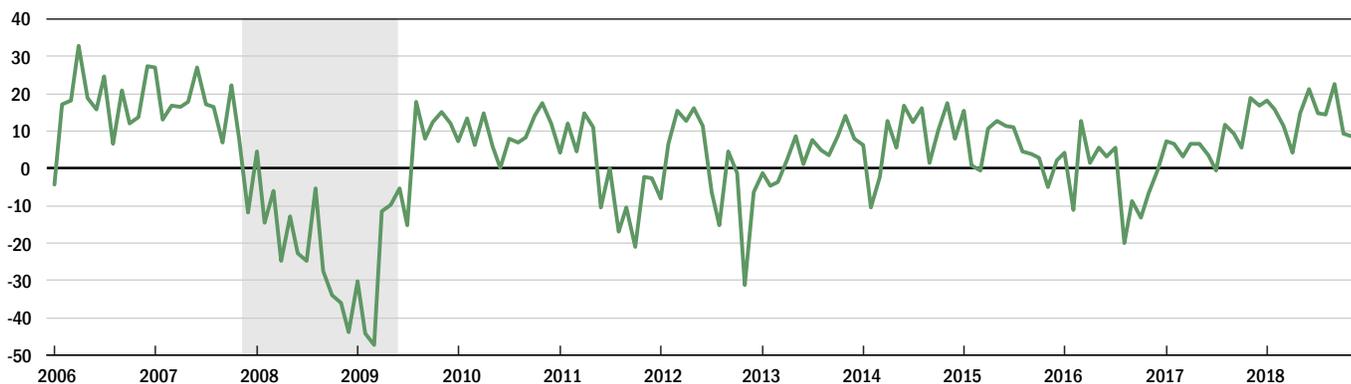
they were somewhat less widespread than last month. The prices paid index edged down four points but remained elevated at 57.1. The prices received index fell nine points to 19.5. The capital spending index climbed six points to 21.3, pointing to solid increases in capital spending.

Optimism Wanes

Optimism about the six-month outlook was noticeably lower. The index for future business activity dropped fifteen points to 17.3, its lowest level in a year, and the index for future business climate fell to zero, a nearly forty-point drop from its level at the beginning of 2018. The index for planned capital spending rose to 34.2, a multiyear high. ■

Business Activity

Diffusion Index

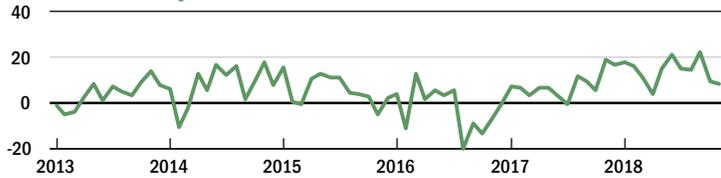


Note: The shaded area indicates a period designated a recession by the National Bureau of Economic Research.

Current Indicators

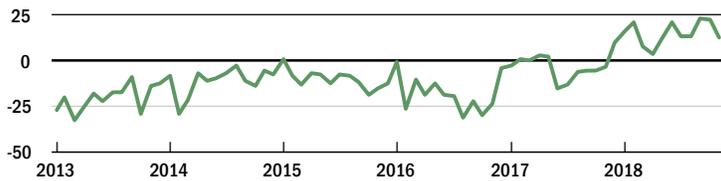
Change from Preceding Month

Business Activity



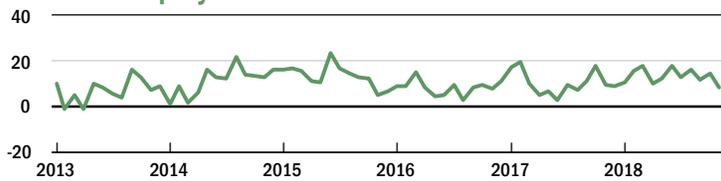
	Percent Reporting		Index
	Higher	Lower	
Oct	38.1	28.8	9.4
Nov	32.1	23.5	8.6
Change			-0.8

Business Climate



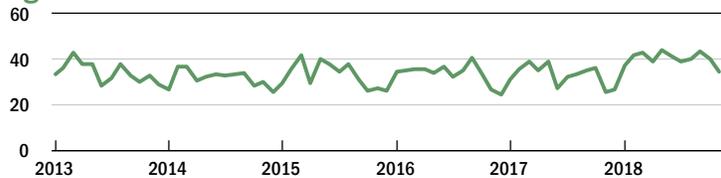
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	42.0	19.8	22.2
Nov	35.6	22.7	12.9
Change			-9.3

Number of Employees



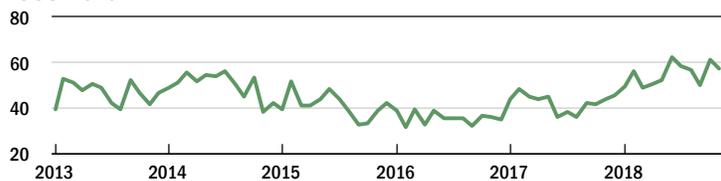
	Percent Reporting		Index
	Higher	Lower	
Oct	29.0	14.8	14.2
Nov	25.3	16.7	8.6
Change			-5.6

Wages



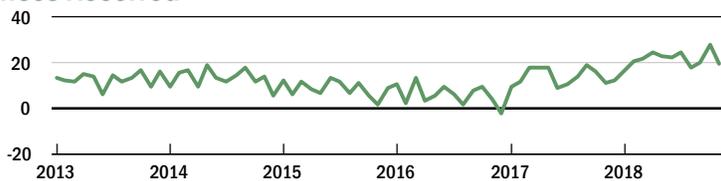
	Percent Reporting		Index
	Higher	Lower	
Oct	41.3	1.3	40.0
Nov	36.6	2.5	34.2
Change			-5.8

Prices Paid



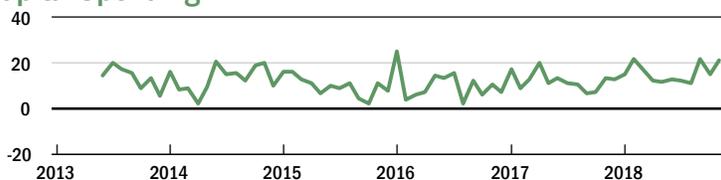
	Percent Reporting		Index
	Higher	Lower	
Oct	63.4	2.0	61.4
Nov	60.9	3.7	57.1
Change			-4.3

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	35.3	7.2	28.1
Nov	28.3	8.8	19.5
Change			-8.6

Capital Spending

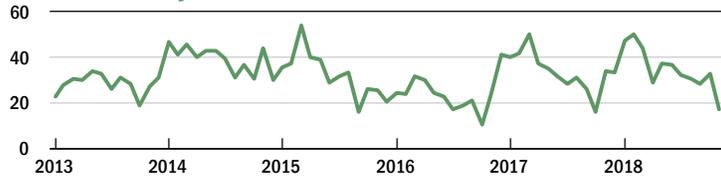


	Percent Reporting		Index
	Higher	Lower	
Oct	28.7	13.3	15.3
Nov	33.8	12.5	21.3
Change			6.0

Forward-Looking Indicators

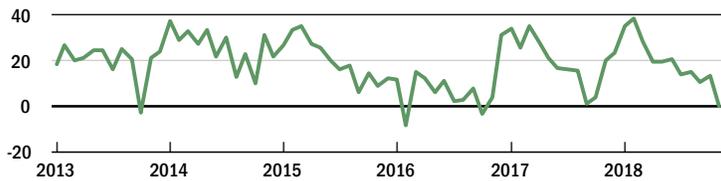
Expectations Six Months Ahead

Business Activity



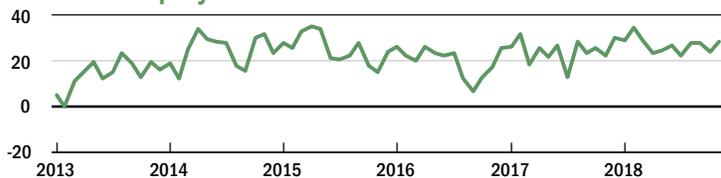
	Percent Reporting		Index
	Higher	Lower	
Oct	47.8	15.1	32.7
Nov	38.9	21.6	17.3
Change			-15.4

Business Climate



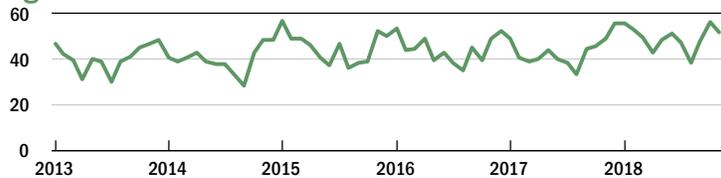
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	32.7	19.5	13.2
Nov	24.2	24.2	0.0
Change			-13.2

Number of Employees



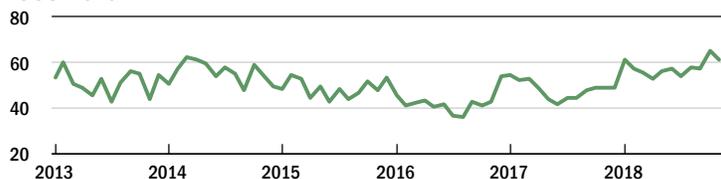
	Percent Reporting		Index
	Higher	Lower	
Oct	35.5	11.6	23.9
Nov	43.5	14.9	28.6
Change			4.7

Wages



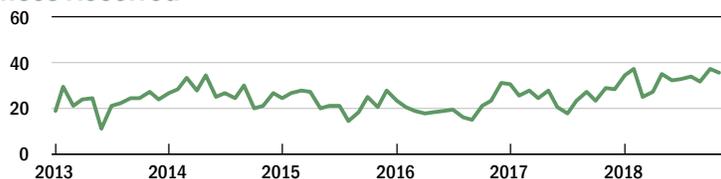
	Percent Reporting		Index
	Higher	Lower	
Oct	57.7	1.3	56.4
Nov	54.9	3.3	51.6
Change			-4.8

Prices Paid



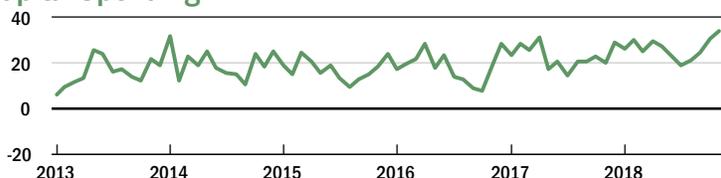
	Percent Reporting		Index
	Higher	Lower	
Oct	66.9	1.9	64.9
Nov	64.1	3.2	60.9
Change			-4.0

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	42.2	5.2	37.0
Nov	43.9	8.4	35.5
Change			-1.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Oct	39.9	9.2	30.7
Nov	43.2	9.0	34.2
Change			3.5