

Record Setting Pace in New York Region's Service Sector

The Business Leaders Survey is a monthly survey conducted by the Federal Reserve Bank of New York that asks companies across its District – which includes New York State, Northern New Jersey, and Fairfield County, Connecticut – about recent and expected trends in key business indicators. This survey is designed to parallel the Empire State Manufacturing Survey, though it covers a wider geography and the questions are slightly different. Participants from the service sector respond to a questionnaire and report on a variety of indicators, both in terms of recent and expected changes.

The survey is sent on the first business day of each month to the same pool of about 150 business executives, usually the president or CEO, in the region's service sector. In a typical month, about 100 responses are received by around the tenth of the month when the survey closes.

May 18th Press Release

“Business activity grew at a record-setting pace in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s May 2021 *Business Leaders Survey*. The survey’s headline business activity index increased nine points to 38.8. The business climate index rose seventeen points, though it remained negative at -8.5, indicating that on net firms viewed the business climate as somewhat worse than normal. Employment levels increased modestly, and wage increases picked up. Input price increases accelerated, and selling prices increased modestly. Capital spending held steady, and firms expect to increase capital spending over the next six months. Looking ahead, firms expressed widespread optimism that conditions would improve, with the future business activity and future employment indexes reaching record highs.

Activity Continues to Grow Strongly

Business activity in the region’s service sector increased at a solid pace for a second consecutive month in May. The headline business activity index rose nine points to 38.8, a record high.

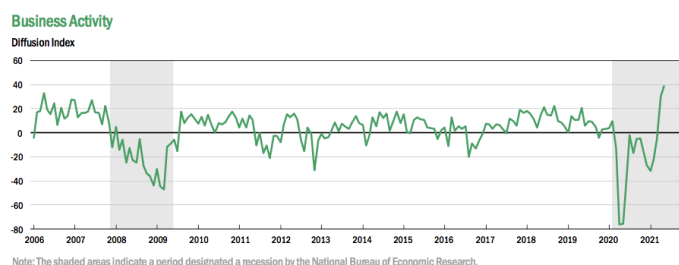
Just over half of respondents reported that conditions improved over the month, while 12 percent said that conditions worsened. After rising twenty-five points last month, the business climate index advanced another seventeen points but held somewhat below zero at -8.5. About one-third of respondents viewed the business climate as better than normal, and 41 percent said the business climate was worse than normal.

Employment and Wages Push Higher

The employment index rose eight points to 15.2, pointing to a modest increase in employment levels. The wages index climbed five points to 37.3, signaling a small pickup in wage growth. Input price increases remained significant, with the prices paid index rising eight points to 62.7. The prices received index held steady at 18.8, signaling modest selling price increases. The capital spending index edged down to -2.1, suggesting that capital spending was little changed.

Widespread Optimism About Future Conditions

The index for future business activity reached a record high of 67.8, pointing to widespread optimism about future conditions, and the future business climate index fell just slightly from last month’s record high. The index for future employment rose to 51.8, also a record high. Wages and prices are expected to continue to rise, and firms expect to increase capital spending in the months ahead.”



More Data Later This Week

More economic data will be released later this week, including MBA Mortgage Applications on Wednesday, the Philadelphia Fed Manufacturing Index on Thursday and Existing Home Sales on Friday.

Source: newyorkfed.org