

Business Leaders Survey

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

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

Activity declined slightly in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's August 2022 *Business Leaders Survey*. The survey's headline business activity index climbed six points but remained negative at -4.4. The business climate index was little changed at -29.5, indicating that firms generally viewed the business climate as worse than normal for this time of year. Employment growth remained modest, and wage increases remained widespread. The prices paid and prices received indexes continued to be elevated. Looking ahead, firms were not very optimistic that activity would increase over the next six months.

Conditions Remain Weak

Business activity in the region's service sector declined slightly, according to the August survey. The headline business activity index rose six points to -4.4. Twenty-eight percent of respondents reported that conditions improved over the month and 32 percent said that conditions worsened. The business climate index moved up five points, but at -29.5, indicated that on net, firms continued to view the business climate as worse than normal.

Employment Growth Again Modest

The employment index edged up to 9.9, pointing to a modest increase in employment levels. The wages index

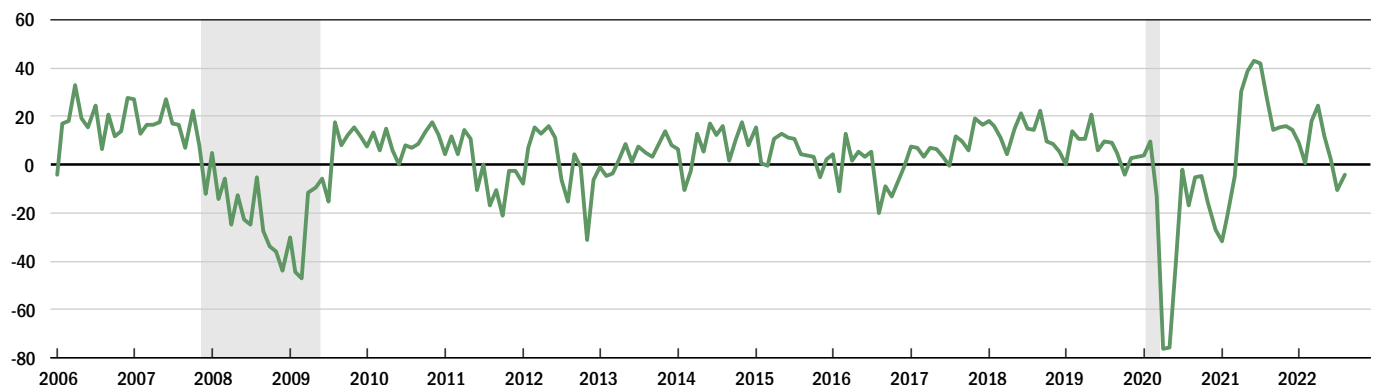
was little changed at 51.6, signaling another month of strong wage growth. The prices paid index held steady at 82.4, suggesting ongoing significant input price increases, and the prices received index rose four points to 39.6. The capital spending index held steady at 8.3.

Firms Not Particularly Optimistic

Conditions are not expected to improve much in the months ahead. The index for future business activity came in at 12.6, and the index for the future business climate remained negative at -10.4. Employment is expected to grow in the months ahead, and wage and price increases are expected to remain widespread. ■

Business Activity

Diffusion Index

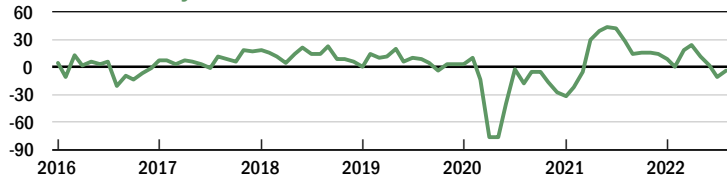


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

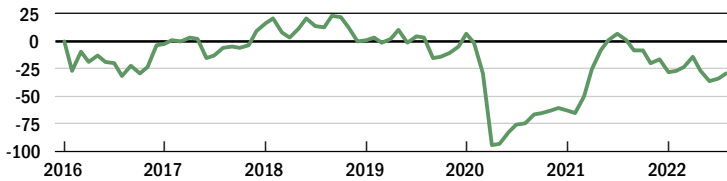
Change from Preceding Month

Business Activity



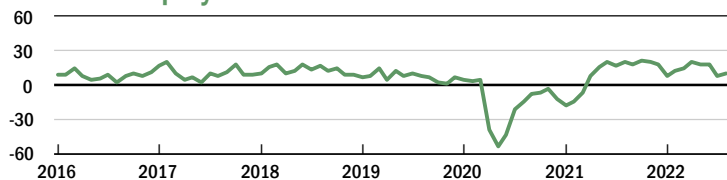
	Percent Reporting		Index
	Higher	Lower	
Jul	21.8	32.5	-10.7
Aug	27.9	32.2	-4.4
Change			6.3

Business Climate



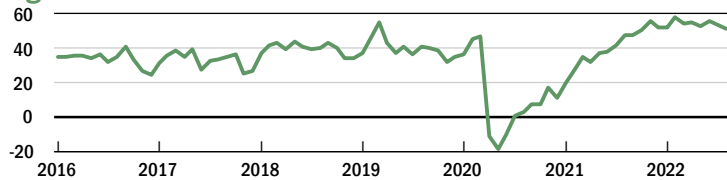
	Percent Reporting		Index
	Favorable	Unfavorable	
Jul	17.2	51.5	-34.3
Aug	19.1	48.6	-29.5
Change			4.8

Number of Employees



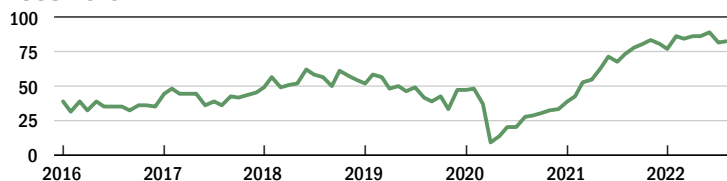
	Percent Reporting		Index
	Higher	Lower	
Jul	27.3	19.7	7.6
Aug	28.0	18.1	9.9
Change			2.3

Wages



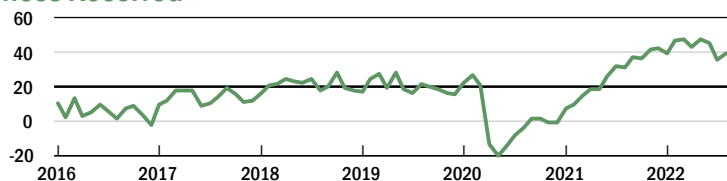
	Percent Reporting		Index
	Higher	Lower	
Jul	54.0	0.5	53.5
Aug	53.3	1.6	51.6
Change			-1.9

Prices Paid



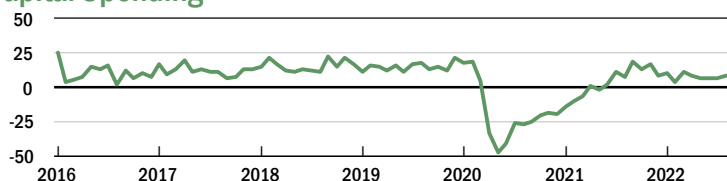
	Percent Reporting		Index
	Higher	Lower	
Jul	81.8	0.5	81.3
Aug	84.1	1.6	82.4
Change			1.1

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jul	41.4	5.6	35.9
Aug	44.0	4.4	39.6
Change			3.7

Capital Spending

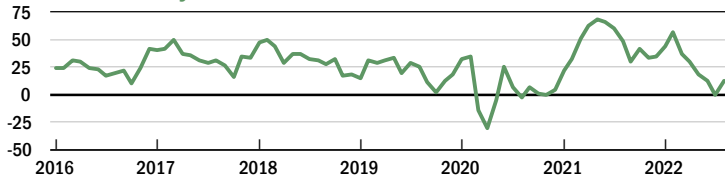


	Percent Reporting		Index
	Higher	Lower	
Jul	25.9	19.3	6.6
Aug	26.0	17.7	8.3
Change			1.7

Forward-Looking Indicators

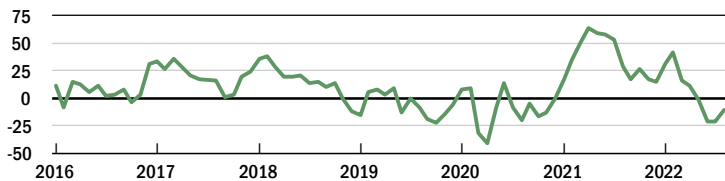
Expectations Six Months Ahead

Business Activity



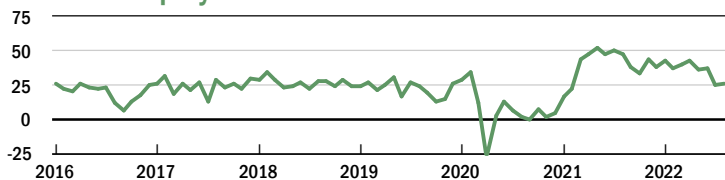
	Percent Reporting		Index
	Higher	Lower	
Jul	31.0	31.0	0.0
Aug	37.2	24.6	12.6
Change			12.6

Business Climate



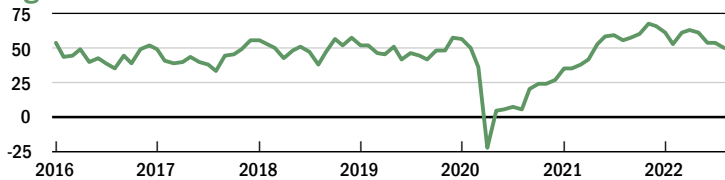
	Percent Reporting		Index
	Better	Worse	
Jul	23.7	44.9	-21.2
Aug	25.1	35.5	-10.4
Change			10.8

Number of Employees



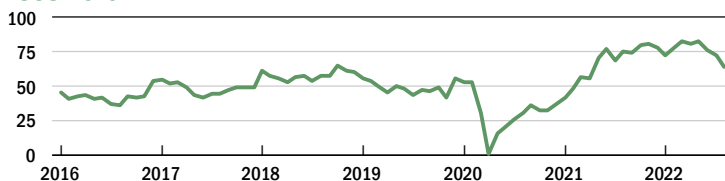
	Percent Reporting		Index
	Higher	Lower	
Jul	34.4	9.4	25.0
Aug	39.2	13.1	26.1
Change			1.1

Wages



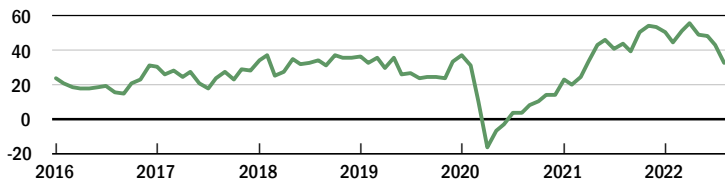
	Percent Reporting		Index
	Higher	Lower	
Jul	56.0	2.1	53.9
Aug	52.0	2.3	49.7
Change			-4.2

Prices Paid



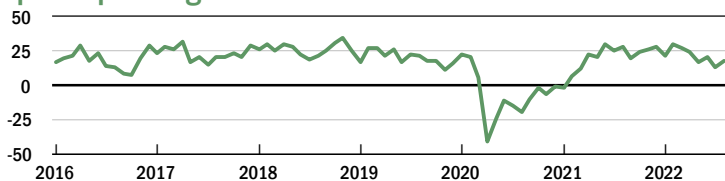
	Percent Reporting		Index
	Higher	Lower	
Jul	75.9	3.7	72.3
Aug	70.1	5.6	64.4
Change			-7.9

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jul	48.2	5.2	42.9
Aug	38.6	5.7	33.0
Change			-9.9

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jul	29.5	16.8	12.6
Aug	31.3	13.6	17.6
Change			5.0