

Business Leaders Survey

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

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

Business activity continued to grow modestly in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's November 2021 *Business Leaders Survey*. The survey's headline business activity index held steady at 15.9. The business climate index, however, fell to -19.6, indicating that firms generally viewed the business climate as worse than normal for this time of year. Employment levels and wages continued to rise at a solid clip. Both the prices paid and prices received indexes moved higher, pointing to yet another month of accelerating input and selling price increases, and capital spending expanded. Looking ahead, firms expect conditions to improve over the next six months, though optimism dipped.

Growth Remains Modest

Business activity in the region's service sector grew modestly for a third consecutive month, according to the November survey. The headline business activity index held steady at 15.9, about the same reading as in September and October. Thirty-seven percent of respondents reported that conditions improved over the month, while 21 percent said that conditions worsened. The business climate index fell eleven points to -19.6, its third consecutive negative reading, indicating that on net, firms viewed the business climate as worse than normal for this time of year.

Price Increases Continue to Accelerate

The employment index was little changed at 20.6, pointing to ongoing moderate

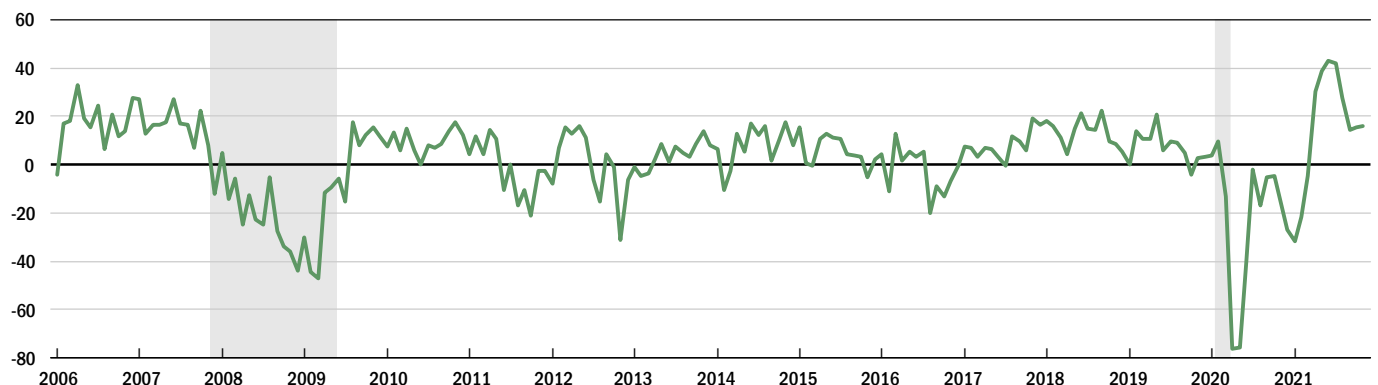
increases in employment levels. At 56.0, the wages index was up five points from October, signaling another month of strong wage growth. The pace of both input price and selling price increases continued to pick up: the prices paid index climbed three points to 83.2, and the prices received index advanced five points to 41.7. The capital spending index edged up three points to 16.4.

Optimism Dips

While firms were still sanguine, the level of optimism about future conditions declined. The index for future business activity retreated eight points to 33.7, while the index for future business climate fell to 17.3. Strong gains in employment, wages, and prices are expected in the months ahead, and capital spending plans remained solid. ■

Business Activity

Diffusion Index

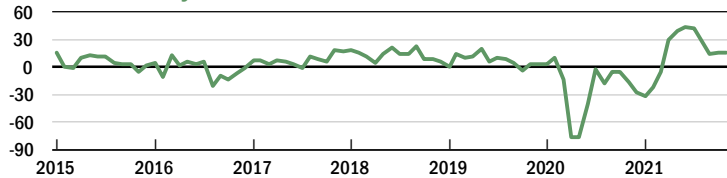


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

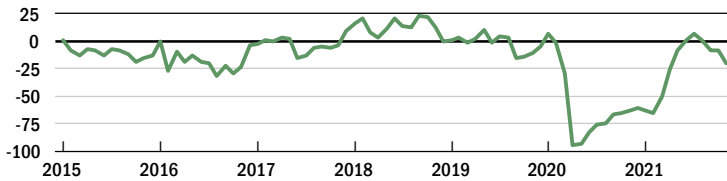
Change from Preceding Month

Business Activity



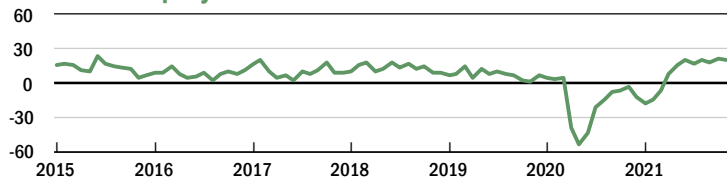
	Percent Reporting		Index
	Higher	Lower	
Oct	38.6	23.4	15.2
Nov	37.0	21.2	15.9
Change			0.7

Business Climate



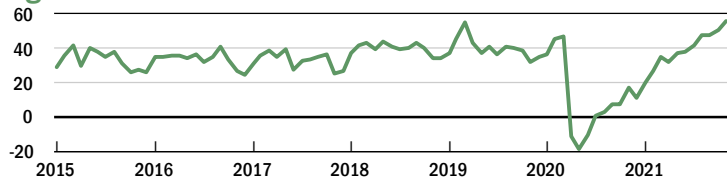
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	30.5	39.1	-8.6
Nov	25.4	45.0	-19.6
Change			-11.0

Number of Employees



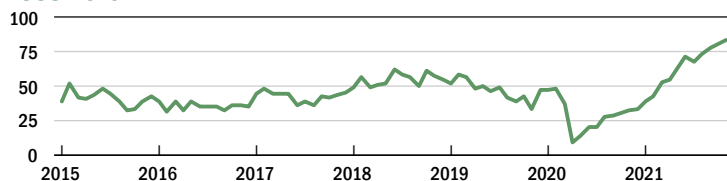
	Percent Reporting		Index
	Higher	Lower	
Oct	37.6	16.2	21.3
Nov	37.3	16.7	20.6
Change			-0.7

Wages



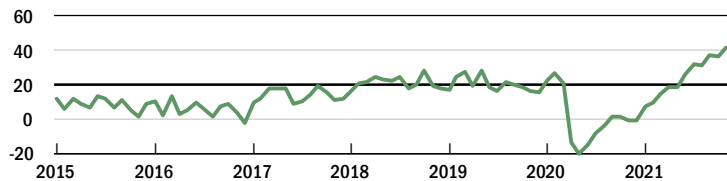
	Percent Reporting		Index
	Higher	Lower	
Oct	52.8	2.0	50.8
Nov	56.5	0.5	56.0
Change			5.2

Prices Paid



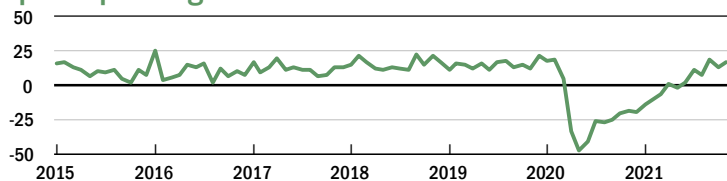
	Percent Reporting		Index
	Higher	Lower	
Oct	81.8	1.5	80.3
Nov	83.2	0.0	83.2
Change			2.9

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	41.4	5.1	36.4
Nov	43.7	1.9	41.7
Change			5.3

Capital Spending

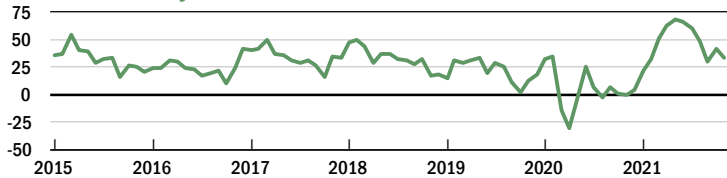


	Percent Reporting		Index
	Higher	Lower	
Oct	27.9	14.7	13.2
Nov	32.4	15.9	16.4
Change			3.2

Forward-Looking Indicators

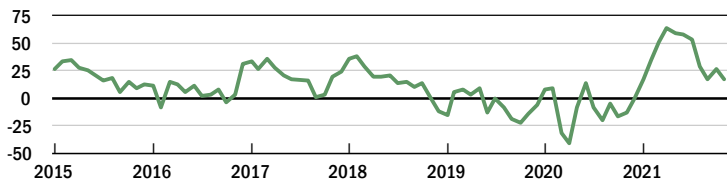
Expectations Six Months Ahead

Business Activity



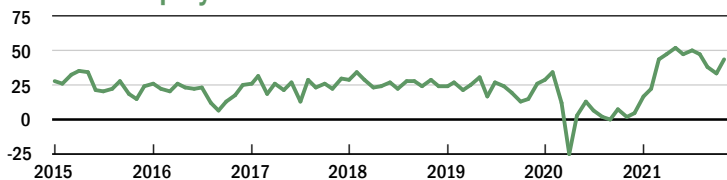
	Percent Reporting		Index
	Higher	Lower	
Oct	54.5	13.1	41.4
Nov	49.0	15.4	33.7
Change			-7.7

Business Climate



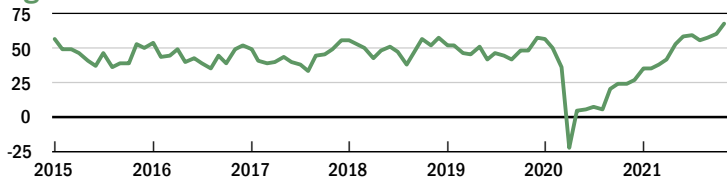
	Percent Reporting		Index
	Better	Worse	
Oct	40.3	14.3	26.0
Nov	37.5	20.2	17.3
Change			-8.7

Number of Employees



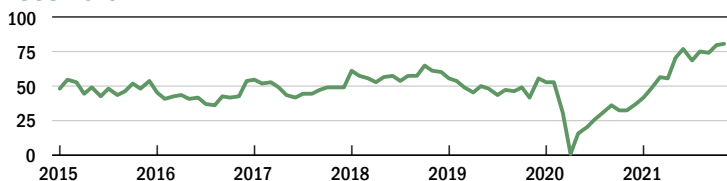
	Percent Reporting		Index
	Higher	Lower	
Oct	47.4	14.4	33.0
Nov	53.1	9.7	43.5
Change			10.5

Wages



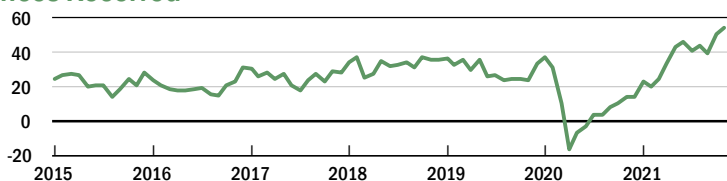
	Percent Reporting		Index
	Higher	Lower	
Oct	62.2	1.6	60.6
Nov	68.1	0.0	68.1
Change			7.5

Prices Paid



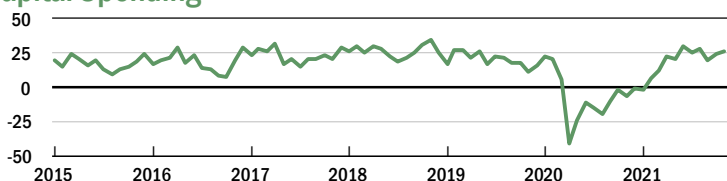
	Percent Reporting		Index
	Higher	Lower	
Oct	81.0	1.0	80.0
Nov	81.1	0.5	80.6
Change			0.6

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	52.8	2.6	50.3
Nov	56.3	1.9	54.4
Change			4.1

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Oct	36.8	12.4	24.4
Nov	38.8	13.1	25.7
Change			1.3