

# Business Leaders Survey

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

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

Business activity was flat in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's February 2022 *Business Leaders Survey*. The survey's headline business activity index fell nine points to 0.5. The business climate index was little changed at -27.1, indicating that firms generally viewed the business climate as worse than normal for this time of year. Employment levels continued to grow modestly, and wages continued to rise at a near record pace. The prices paid index hit a fresh multi-year high and the prices received index rose to a record high. Looking ahead, a majority of firms expect conditions to improve over the next six months, with optimism rising.

## Growth Grinds to a Halt

Business activity leveled off in the

region's service sector, according to the February survey. The headline business activity index moved down nine points to 0.5, its lowest level since March of last year. Thirty-one percent of respondents reported that conditions improved over the month and 31 percent said that conditions worsened. The business climate index came in at -27.1, indicating that on net, firms continued to view the business climate as worse than normal for this time of year.

## Selling Prices Increase at Record Pace

Input and selling price increases remained substantial. The prices paid index rose nine points to 85.9, and the prices received index climbed eight points to 47.1, a record high. The employment index edged up to

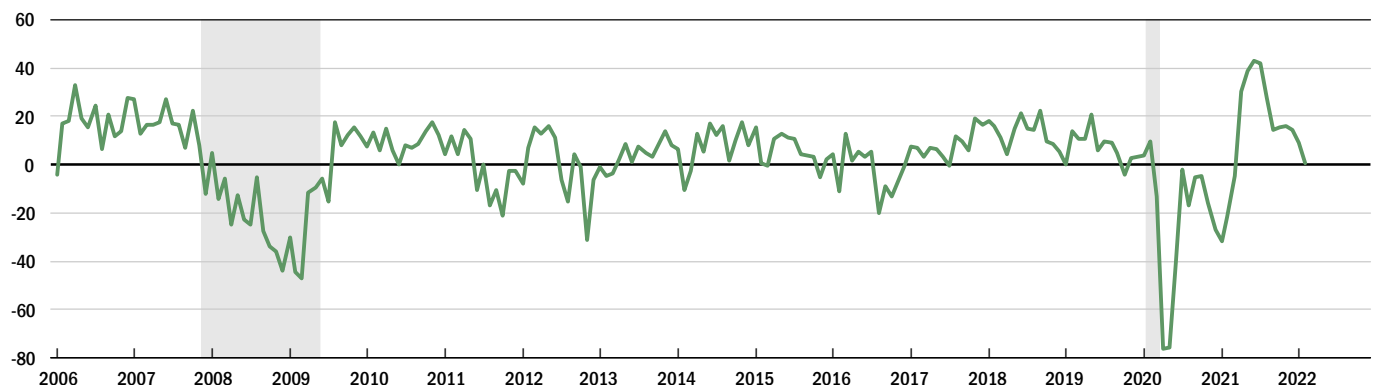
12.0, pointing to a modest increase in employment levels. The wages index rose six points to 58.3, signaling another month of strong wage growth. The capital spending index fell to 3.7.

## Firms Expect Conditions to Improve in Months Ahead

Though current conditions were weak, firms generally expected conditions to improve over the next six months. The index for future business activity increased thirteen points to 56.3, while the future business climate index rose ten points to 41.1, its highest level in several months. Strong gains in employment, wages, and prices are expected in the months ahead, and capital spending plans remained solid. ■

## Business Activity

Diffusion Index

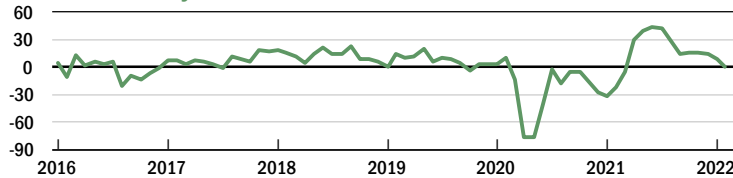


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

# Current Indicators

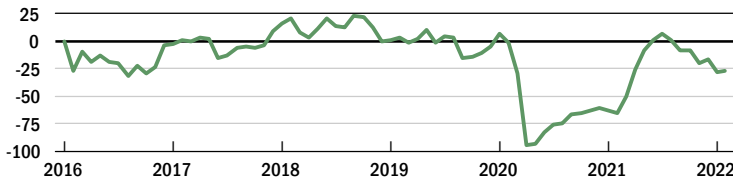
Change from Preceding Month

## Business Activity



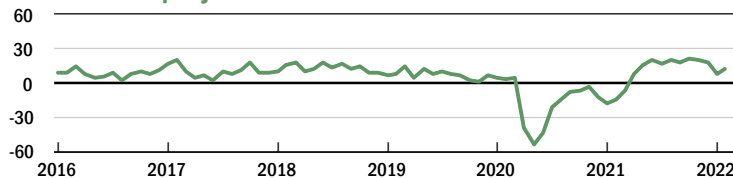
	Percent Reporting		Index
	Higher	Lower	
Jan	35.2	26.0	9.2
Feb	31.4	30.9	0.5
Change			-8.7

## Business Climate



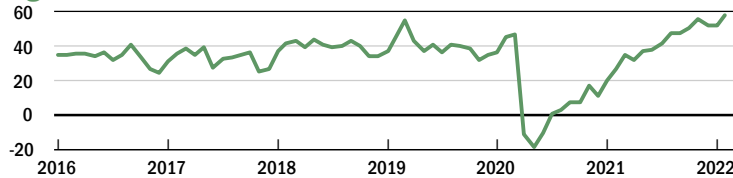
	Percent Reporting		Index
	Favorable	Unfavorable	
Jan	17.8	45.7	-27.9
Feb	19.8	46.9	-27.1
Change			0.8

## Number of Employees



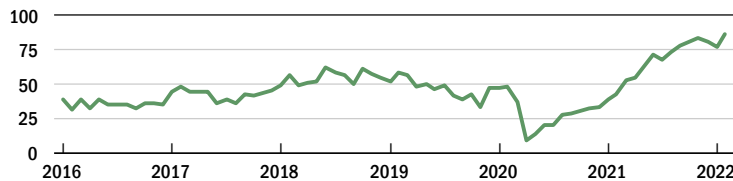
	Percent Reporting		Index
	Higher	Lower	
Jan	27.9	20.3	7.6
Feb	28.6	16.7	12.0
Change			4.4

## Wages



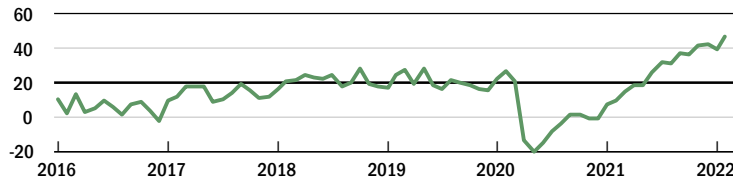
	Percent Reporting		Index
	Higher	Lower	
Jan	52.3	0.0	52.3
Feb	59.4	1.0	58.3
Change			6.0

## Prices Paid



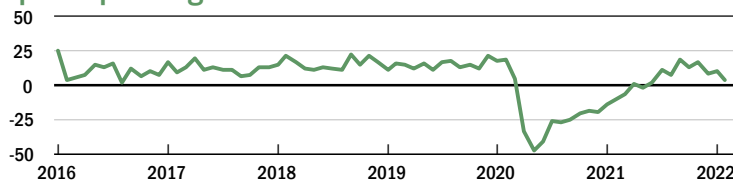
	Percent Reporting		Index
	Higher	Lower	
Jan	77.8	0.5	77.3
Feb	86.5	0.5	85.9
Change			8.6

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jan	42.5	3.1	39.4
Feb	48.2	1.0	47.1
Change			7.7

## Capital Spending

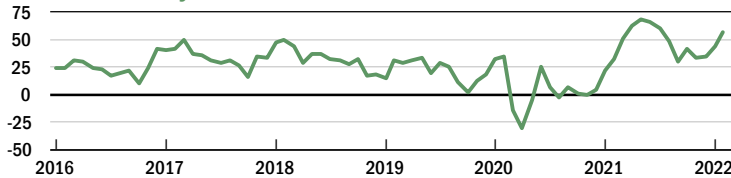


	Percent Reporting		Index
	Higher	Lower	
Jan	26.8	17.0	9.8
Feb	20.9	17.3	3.7
Change			-6.1

# Forward-Looking Indicators

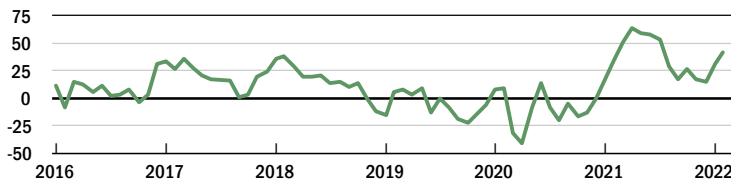
Expectations Six Months Ahead

## Business Activity



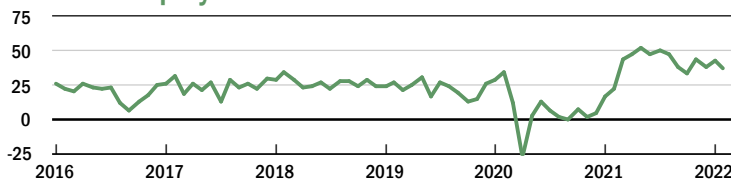
	Percent Reporting		Index
	Higher	Lower	
Jan	55.3	11.7	43.7
Feb	65.1	8.9	56.3
Change			12.6

## Business Climate



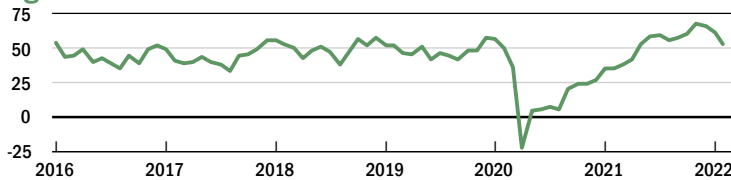
	Percent Reporting		Index
	Better	Worse	
Jan	44.9	14.3	30.6
Feb	54.2	13.0	41.1
Change			10.5

## Number of Employees



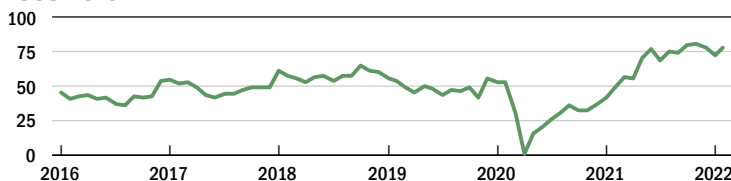
	Percent Reporting		Index
	Higher	Lower	
Jan	49.0	6.1	42.9
Feb	47.6	10.5	37.2
Change			-5.7

## Wages



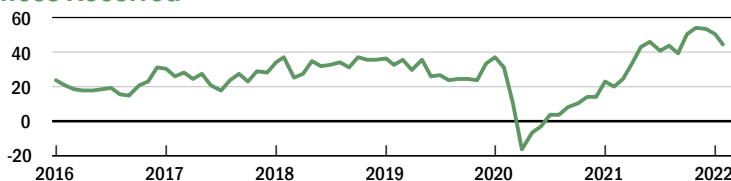
	Percent Reporting		Index
	Higher	Lower	
Jan	61.7	0.5	61.2
Feb	54.5	1.6	52.9
Change			-8.3

## Prices Paid



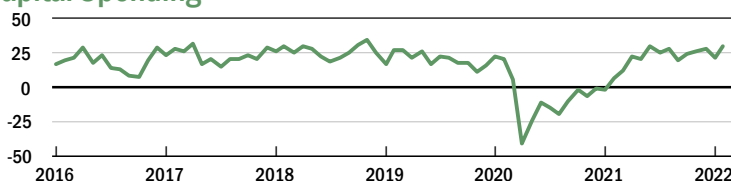
	Percent Reporting		Index
	Higher	Lower	
Jan	74.2	1.5	72.7
Feb	78.5	0.5	78.0
Change			5.3

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Jan	53.4	2.6	50.8
Feb	47.1	2.6	44.4
Change			-6.4

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Jan	33.8	12.8	21.0
Feb	38.9	8.9	30.0
Change			9.0