

Business Leaders Survey

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

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

Growth slowed in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's May 2022 *Business Leaders Survey*. The survey's headline business activity index fell thirteen points to 11.5. The business climate index moved down thirteen points to -27.1, indicating that firms generally viewed the business climate as worse than normal for this time of year. Employment levels continued to grow at a solid clip, and wage increases remained widespread. The prices paid index and the prices received index held at near record-high levels. Looking ahead, optimism continued to wane, with less than half of respondents expecting activity to increase over the next six months.

Growth Slows

Business activity in the region's service sector continued to expand, but at a slower pace than last month, according to the May survey. The headline business activity index fell thirteen points to 11.5, its lowest reading since February. Thirty-five percent of respondents reported that conditions improved over the month and 23 percent said that conditions worsened. The business climate index fell thirteen points to -27.1, indicating that on net, firms continued to view the business climate as worse than normal.

Firms Adding Workers at a Solid Clip

The employment index held steady at 18.3, pointing to a solid increase in

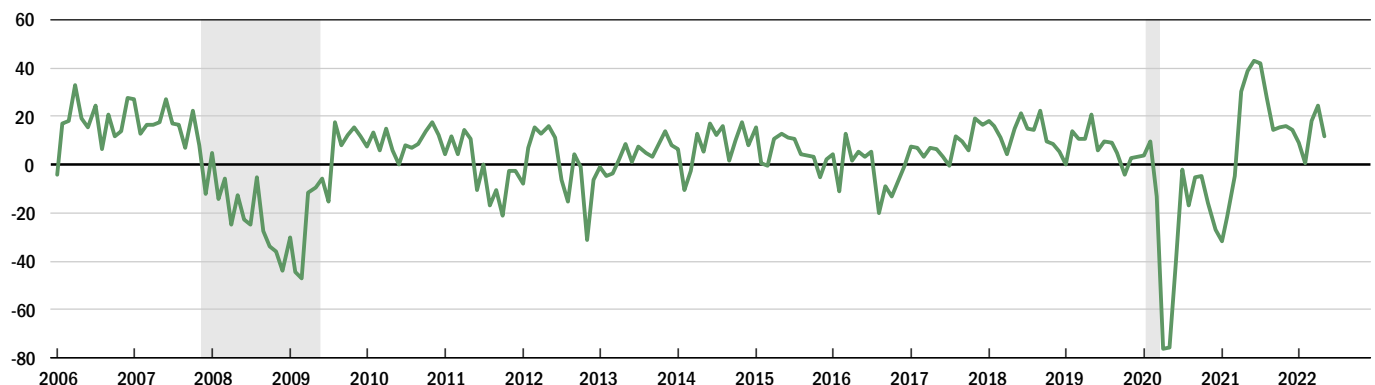
employment levels. The wages index was little changed at 52.9, signaling another month of strong wage growth. Input and selling price increases remained near record levels. The prices paid index was unchanged at 86.4, and the prices received index came in at 47.4. The capital spending index dipped to 6.3.

Optimism Wanes

While firms generally expected conditions to improve over the next six months, optimism waned for a third consecutive month. The index for future business activity fell eleven points to 18.8, its lowest reading in well over a year. Strong gains in employment, wages, and prices are expected in the months ahead. ■

Business Activity

Diffusion Index

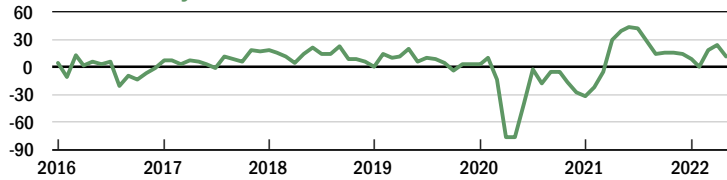


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

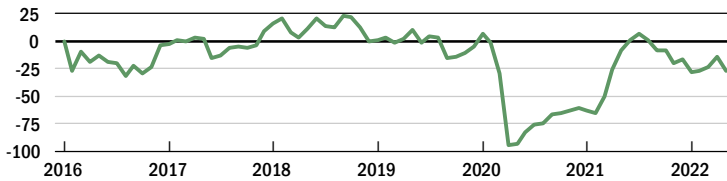
Change from Preceding Month

Business Activity



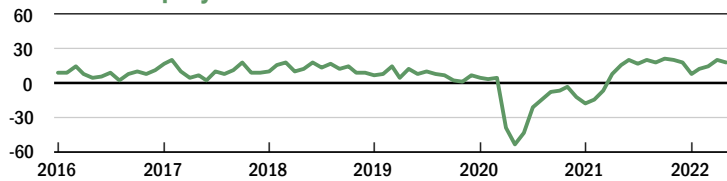
	Percent Reporting		Index
	Higher	Lower	
Apr	42.3	18.0	24.2
May	34.6	23.0	11.5
Change			-12.7

Business Climate



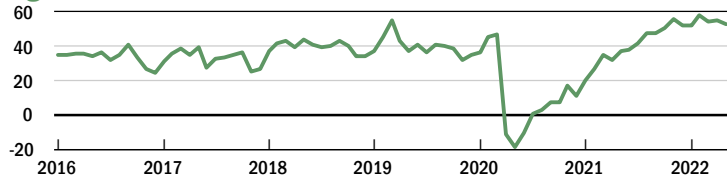
	Percent Reporting		Index
	Favorable	Unfavorable	
Apr	24.7	39.2	-14.4
May	21.9	49.0	-27.1
Change			-12.7

Number of Employees



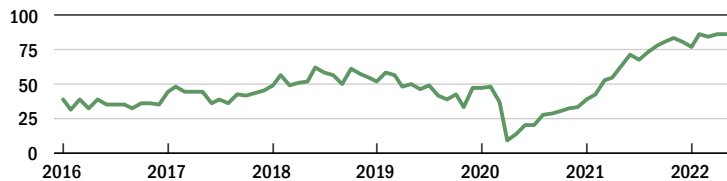
	Percent Reporting		Index
	Higher	Lower	
Apr	34.0	14.1	19.9
May	30.9	12.6	18.3
Change			-1.6

Wages



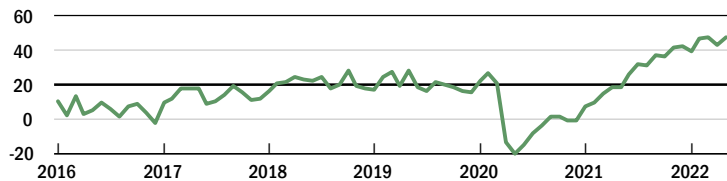
	Percent Reporting		Index
	Higher	Lower	
Apr	56.5	1.6	55.0
May	54.5	1.6	52.9
Change			-2.1

Prices Paid



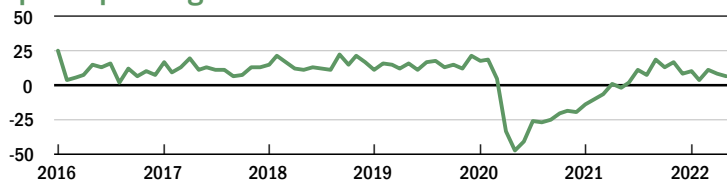
	Percent Reporting		Index
	Higher	Lower	
Apr	86.9	0.5	86.4
May	87.4	1.0	86.4
Change			0.0

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Apr	47.1	3.7	43.4
May	50.0	2.6	47.4
Change			4.0

Capital Spending

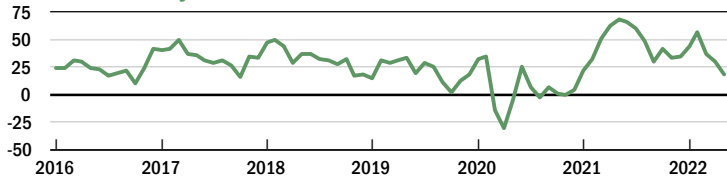


	Percent Reporting		Index
	Higher	Lower	
Apr	22.5	13.9	8.6
May	26.3	20.0	6.3
Change			-2.3

Forward-Looking Indicators

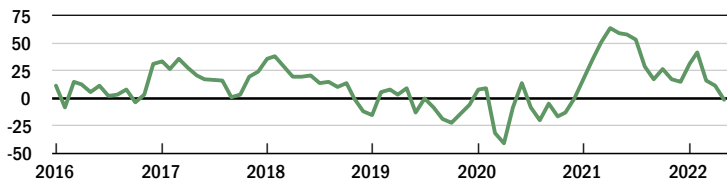
Expectations Six Months Ahead

Business Activity



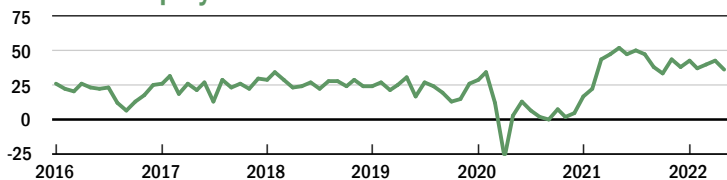
	Percent Reporting		Index
	Higher	Lower	
Apr	44.8	15.5	29.4
May	42.2	23.4	18.8
Change			-10.6

Business Climate



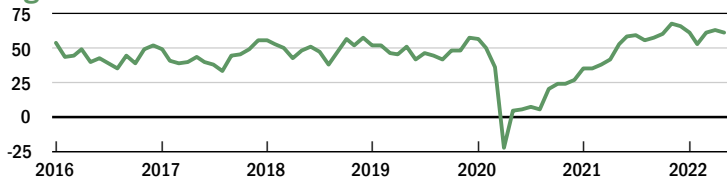
	Percent Reporting		Index
	Better	Worse	
Apr	35.1	23.2	11.9
May	28.1	29.7	-1.6
Change			-13.5

Number of Employees



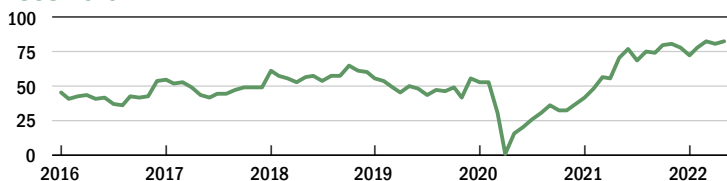
	Percent Reporting		Index
	Higher	Lower	
Apr	49.7	6.9	42.9
May	42.8	7.0	35.8
Change			-7.1

Wages



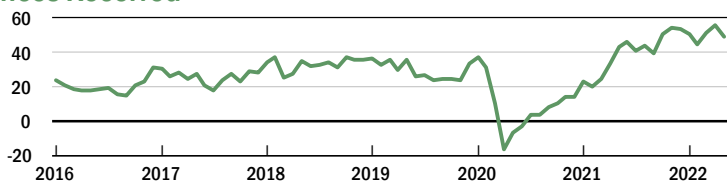
	Percent Reporting		Index
	Higher	Lower	
Apr	64.6	1.1	63.5
May	61.5	0.5	61.0
Change			-2.5

Prices Paid



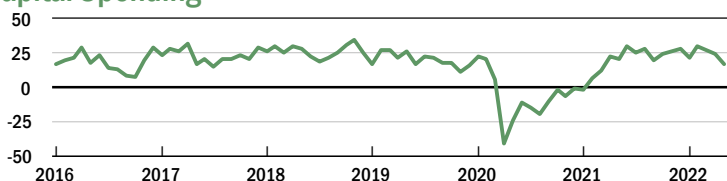
	Percent Reporting		Index
	Higher	Lower	
Apr	80.9	0.5	80.3
May	84.0	1.6	82.4
Change			2.1

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Apr	58.5	2.7	55.9
May	52.7	3.7	48.9
Change			-7.0

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Apr	38.5	13.9	24.6
May	33.0	16.0	17.0
Change			-7.6