

# Business Leaders Survey

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

Note: Survey responses were collected between April 3 and April 10.

Activity in the region’s service sector continued to decline modestly, according to firms responding to the Federal Reserve Bank of New York’s April 2023 *Business Leaders Survey*. The survey’s headline business activity index was little changed at -9.8. The business climate index moved down nine points to -47.7, suggesting the business climate remains much worse than normal. Employment levels were unchanged, representing the first time in two years that employment has not increased. Wage increases moderated noticeably, and input and selling price increases slowed. Looking ahead, firms do not expect conditions to improve over the next six months.

### Activity Continues to Contract

Business activity declined in the

region’s service sector for a seventh consecutive month, according to the April survey. The headline business activity index held steady at -9.8. Twenty-eight percent of respondents reported that conditions improved over the month and 38 percent said that conditions worsened. The business climate index moved down nine points to -47.7, suggesting that the business climate remains much worse than normal.

### No Increase in Employment

The employment index fell to zero, suggesting that for the first time in two years employment levels did not see a monthly increase. After slipping seven points last month, the wages index retreated another nine points to 41.0,

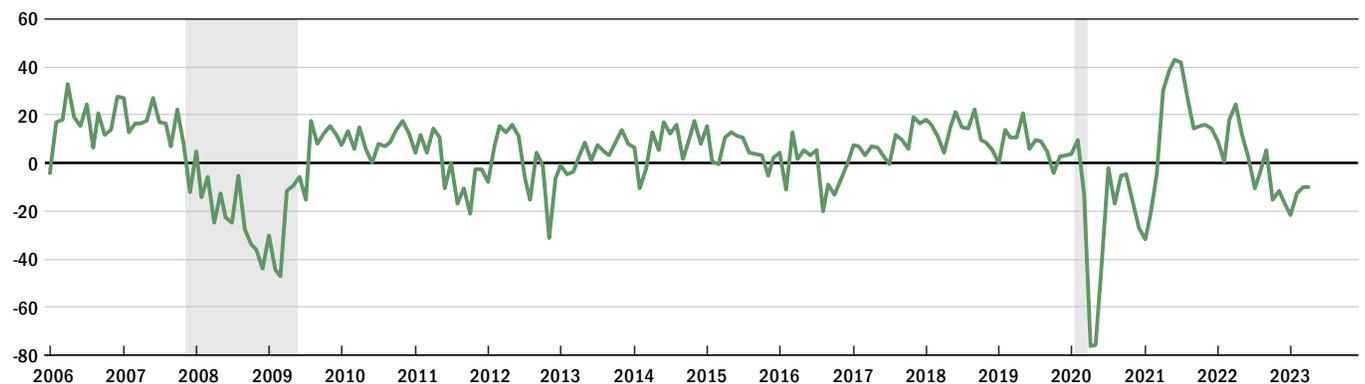
indicating that wage growth continued to moderate. The prices paid index edged down five points to 59.5, and the prices received index fell eleven points to 22.0, pointing to a slowing of input and selling price increases. Capital spending grew modestly.

### Firms Don’t Expect Conditions to Improve

The index for future business activity fell to -0.6, and the index for the future business climate receded seven points to -18.4, suggesting firms are not expecting conditions to improve over the next six months. Employment is expected to grow modestly in the months ahead, and wage and price increases are expected to remain widespread. ■

## Business Activity

Diffusion Index

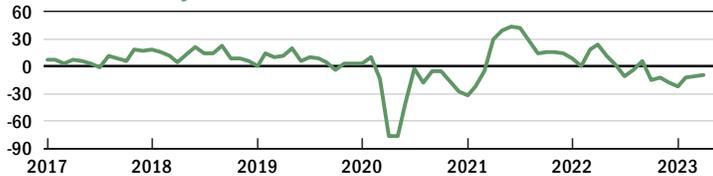


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

# Current Indicators

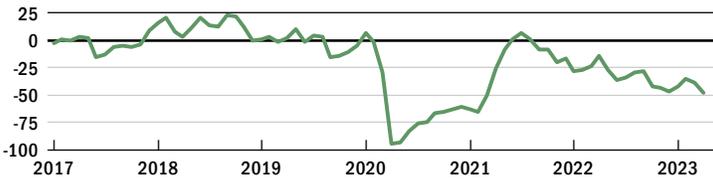
Change from Preceding Month

## Business Activity



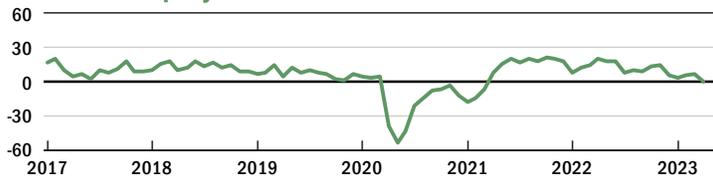
	Percent Reporting		Index
	Higher	Lower	
Mar	23.6	33.7	-10.1
Apr	28.2	37.9	-9.8
Change			0.3

## Business Climate



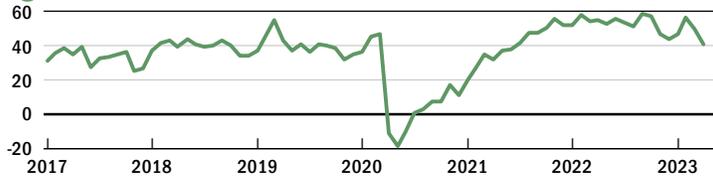
	Percent Reporting		Index
	Favorable	Unfavorable	
Mar	15.2	53.9	-38.8
Apr	13.8	61.5	-47.7
Change			-8.9

## Number of Employees



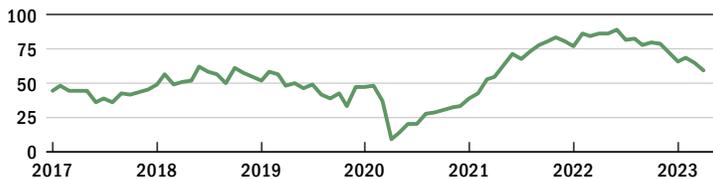
	Percent Reporting		Index
	Higher	Lower	
Mar	24.0	17.3	6.7
Apr	20.7	20.7	0.0
Change			-6.7

## Wages



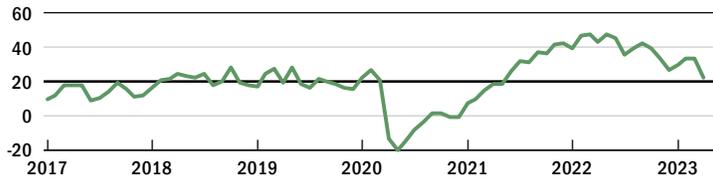
	Percent Reporting		Index
	Higher	Lower	
Mar	50.8	1.1	49.7
Apr	43.4	2.3	41.0
Change			-8.7

## Prices Paid



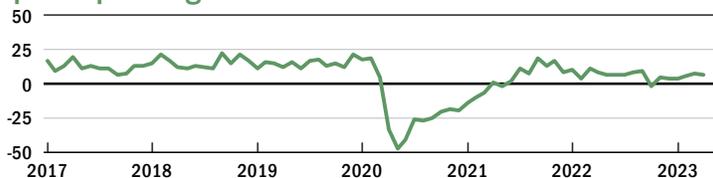
	Percent Reporting		Index
	Higher	Lower	
Mar	67.6	2.8	64.8
Apr	63.6	4.0	59.5
Change			-5.3

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Mar	39.9	6.7	33.1
Apr	31.2	9.2	22.0
Change			-11.1

## Capital Spending

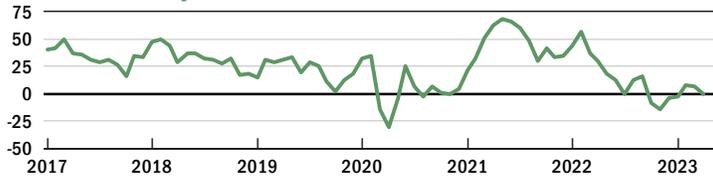


	Percent Reporting		Index
	Higher	Lower	
Mar	26.6	18.6	7.9
Apr	26.4	19.5	6.9
Change			-1.0

# Forward-Looking Indicators

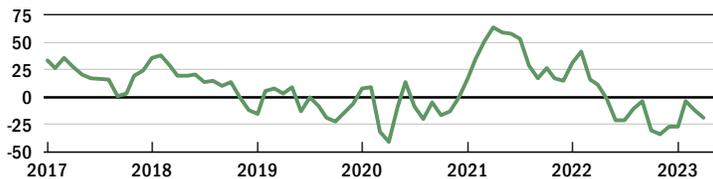
Expectations Six Months Ahead

## Business Activity



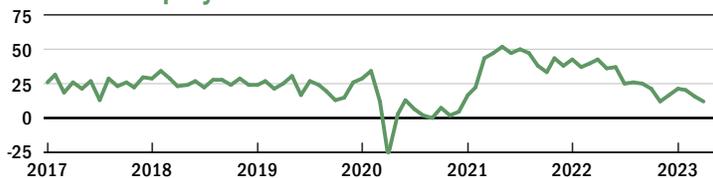
	Percent Reporting		Index
	Higher	Lower	
Mar	34.7	27.8	6.8
Apr	27.7	28.3	-0.6
Change			-7.4

## Business Climate



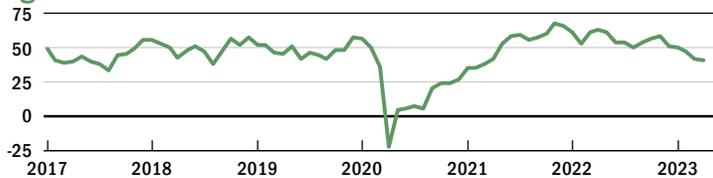
	Percent Reporting		Index
	Better	Worse	
Mar	21.9	33.7	-11.8
Apr	16.7	35.1	-18.4
Change			-6.6

## Number of Employees



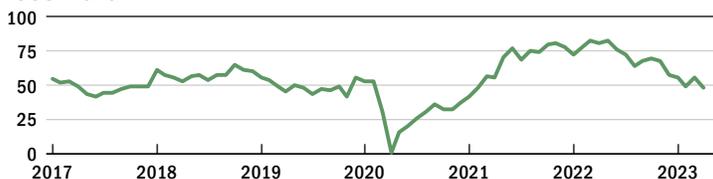
	Percent Reporting		Index
	Higher	Lower	
Mar	33.7	18.0	15.7
Apr	27.4	15.5	11.9
Change			-3.8

## Wages



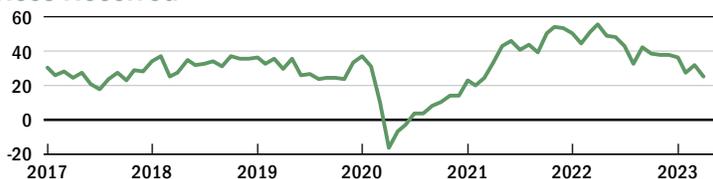
	Percent Reporting		Index
	Higher	Lower	
Mar	43.3	1.2	42.1
Apr	43.1	2.4	40.7
Change			-1.4

## Prices Paid



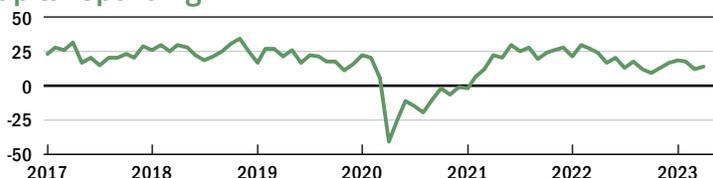
	Percent Reporting		Index
	Higher	Lower	
Mar	58.7	2.9	55.8
Apr	51.2	3.0	48.2
Change			-7.6

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Mar	38.0	5.8	32.2
Apr	32.9	7.8	25.1
Change			-7.1

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Mar	30.4	18.1	12.3
Apr	29.2	14.9	14.3
Change			2.0