

# Supplemental Survey Report

## Businesses Expect Costs, Prices, Wages, and Inflation to Continue Moderating

Supplemental questions in the February 2024 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on recent and expected changes in firms' costs, selling prices, and wages. Businesses were also queried on their expectations of the overall rate of inflation in the economy. These questions were also asked in earlier surveys.

In terms of costs, service firms reported an average cost increase of 6.1 percent over the past twelve months, while manufacturers reported an average increase of 4.7 percent for the period. These figures were well below those reported in December 2022, when service firms and manufacturers indicated average annual cost increases of 11 percent and 13 percent, respectively. Firms expect significantly lower cost increases in the year ahead,

with an average of 3.7 percent expected for service firms and an average of 3.6 percent expected for manufacturers. As for selling prices, over the past twelve months, service firms reported an average increase of 5.3 percent and manufacturers an average increase of 3.2 percent, again well below December 2022's parallel figures of 7.3 percent and 9.5 percent. As with costs, significantly lower price increases are expected in the year ahead, to the tune of 3.1 percent for service firms and 2.8 percent for manufacturers, on average.

Firms were also asked about past and expected future wage increases, excluding benefits. Service firms indicated that wage hikes over the past twelve months averaged 4.3 percent and manufacturers reported an average increase of 5.3 percent, below the

5.5 percent and 6.4 percent reported a year ago, respectively. Over the next twelve months, wages are expected to continue to moderate, with increases expected to average 3.8 percent for both types of firms.

Finally, regional business executives were asked what they expect the inflation rate will be over the next twelve months, as measured by the consumer price index, as well as their expectation three and five years ahead. On average, firms expect the inflation rate will be around 3.5 percent over the next year. Service firms expect the inflation rate to fall slightly to 3.3 percent three years out and five years out. Among manufacturers, the inflation rate is expected to edge down to 3.4 percent in three years and then move up to 3.8 percent in five years. ■

## Supplemental Survey Report, *continued*

### QUESTION 1

Looking back, by about what percent did the costs of your goods or services change over the last twelve months and what do you expect over the next twelve months?

	Past Twelve Months		Next Twelve Months	
	Service Firms	Manufacturers	Service Firms	Manufacturers
Average Percent Change				
February 2024	6.1	4.7	3.7	3.6
December 2022	11.0	13.0	5.3	5.0

*Note: The “average” represents a trimmed mean among responses; the highest 5 percent and the lowest 5 percent of responses are excluded in this measure.*

### QUESTION 2

Looking back, by about what percent did the prices of your goods or services change over the last twelve months and what do you expect over the next twelve months?

	Past Twelve Months		Next Twelve Months	
	Service Firms	Manufacturers	Service Firms	Manufacturers
Average Percent Change				
February 2024	5.3	3.2	3.1	2.8
December 2022	7.3	9.5	4.7	5.4

*Note: The “average” represents a trimmed mean among responses; the highest 5 percent and the lowest 5 percent of responses are excluded in this measure.*

## Supplemental Survey Report, *continued*

### QUESTION 3

Suppose that a typical worker at your establishment is working in the same job as twelve months ago, for roughly the same number of hours. By about what percent, on average, has this worker's wage/salary (not including benefits) changed from then to now?

Looking ahead, suppose that this worker is still in the same job twelve months from now working for roughly the same number of hours. By about what percent do you expect this worker's wage/salary to have changed compared to now?

	Past Twelve Months		Next Twelve Months	
	Service Firms	Manufacturers	Service Firms	Manufacturers
Average Percent Change				
February 2024	4.3	5.3	3.8	3.8
February 2023	5.5	6.4	3.3	3.2

*Note: The "average" represents a trimmed mean among responses; the highest 5 percent and the lowest 5 percent of responses are excluded in this measure.*

### QUESTION 4

What do you think will be the inflation rate, as measured by the consumer price index (CPI), over the next twelve months, three years from now, and five years from now?

	Next Twelve Months		Three Years Ahead		Five Years Ahead	
	Service Firms	Manufacturers	Service Firms	Manufacturers	Service Firms	Manufacturers
Average Percent Change						
February 2024	3.5	3.7	3.3	3.4	3.3	3.8
December 2022	5.5	6.0	<i>Not Asked</i>			
May 2022	6.8	7.5	4.3	4.3	3.7	3.7