

# Business Leaders Survey

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

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

Business activity perked up in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s March 2022 *Business Leaders Survey*. The survey’s headline business activity index jumped eighteen points to 18.3. The business climate index came in at -23.3, 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 again rose at a swift pace. The prices paid index remained near record levels and the prices received index hit a fresh record high. Optimism about future conditions dropped sharply.

## Activity Bounces

Business activity expanded in the region’s service sector after growth stalled last month, according to the March survey. The headline business activity index surged eighteen points to 18.3. Forty-one percent of respondents reported that conditions improved over the month and 23 percent said that conditions worsened. The business climate index came in at -23.3, indicating that on net, firms continued to view the business climate as worse than normal for this time of year.

## Selling Price Increases Hit New Record

Input and selling price increases remained substantial. The prices paid index remained elevated at 84.5, and the prices received index set another

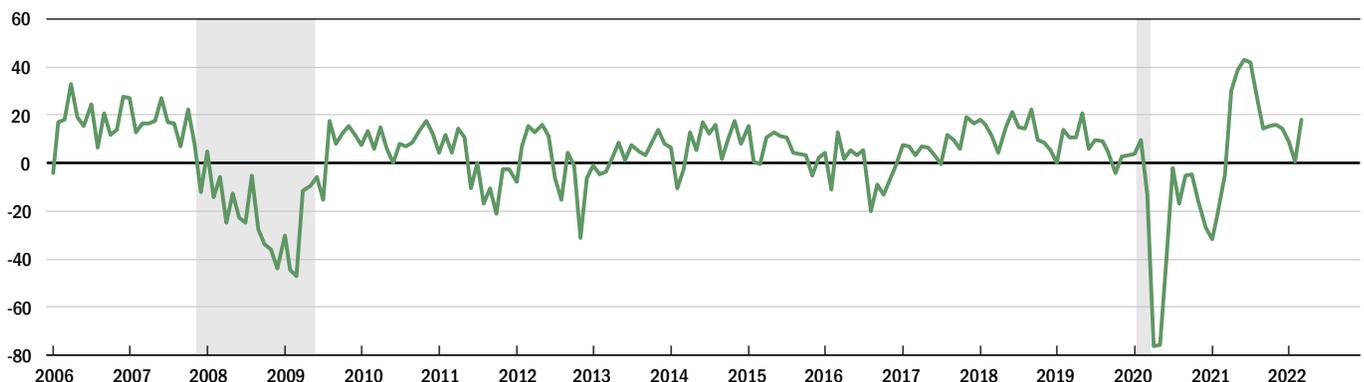
record high at 47.7. The employment index edged up to 14.0, pointing to a modest increase in employment levels. The wages index moved down slightly to 53.9, signaling another month of strong wage growth. The capital spending index increased to 11.6.

## Optimism Drops

While firms generally expected conditions to improve over the next six months, optimism waned. The index for future business activity fell twenty points to 36.8, while the future business climate index shed twenty-five points, coming in at 16.1. Strong gains in employment, wages, and prices are expected in the months ahead, and capital spending plans remained solid. ■

## Business Activity

Diffusion Index

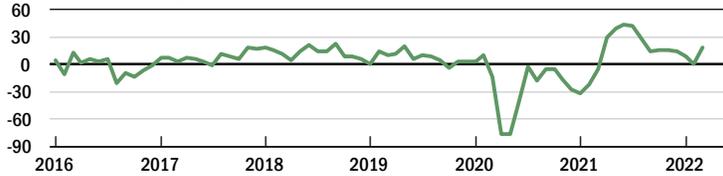


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

# Current Indicators

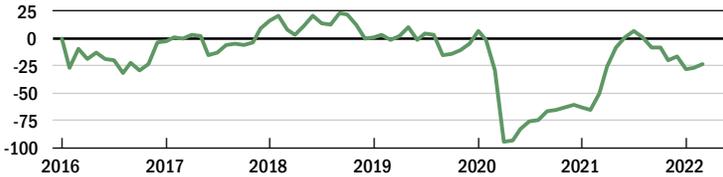
Change from Preceding Month

## Business Activity



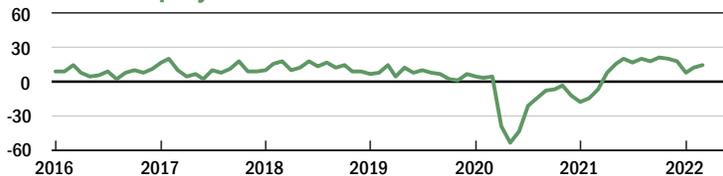
	Percent Reporting		Index
	Higher	Lower	
Feb	31.4	30.9	0.5
Mar	40.8	22.5	18.3
Change			17.8

## Business Climate



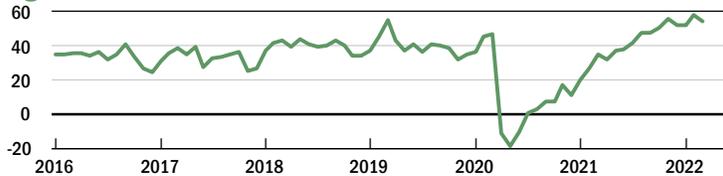
	Percent Reporting		Index
	Favorable	Unfavorable	
Feb	19.8	46.9	-27.1
Mar	22.3	45.6	-23.3
Change			3.8

## Number of Employees



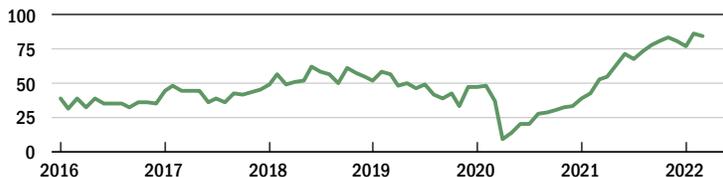
	Percent Reporting		Index
	Higher	Lower	
Feb	28.6	16.7	12.0
Mar	30.1	16.1	14.0
Change			2.0

## Wages



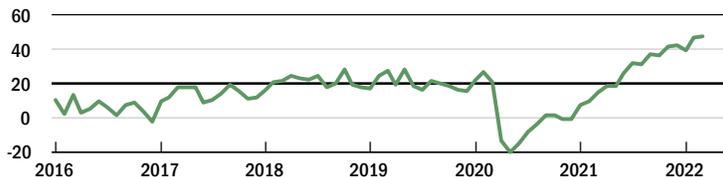
	Percent Reporting		Index
	Higher	Lower	
Feb	59.4	1.0	58.3
Mar	55.4	1.6	53.9
Change			-4.4

## Prices Paid



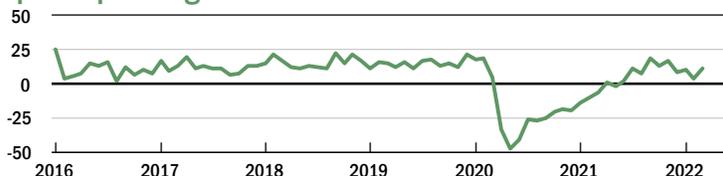
	Percent Reporting		Index
	Higher	Lower	
Feb	86.5	0.5	85.9
Mar	85.5	1.0	84.5
Change			-1.4

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Feb	48.2	1.0	47.1
Mar	51.3	3.6	47.7
Change			0.6

## Capital Spending

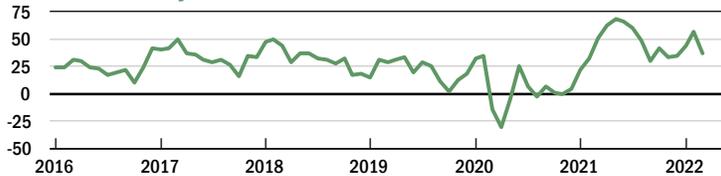


	Percent Reporting		Index
	Higher	Lower	
Feb	20.9	17.3	3.7
Mar	25.9	14.3	11.6
Change			7.9

# Forward-Looking Indicators

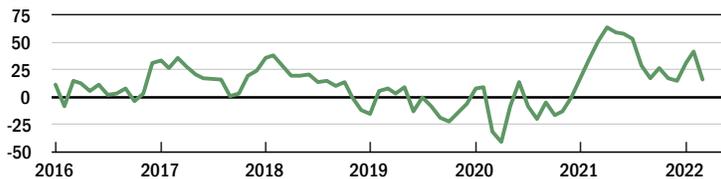
Expectations Six Months Ahead

## Business Activity



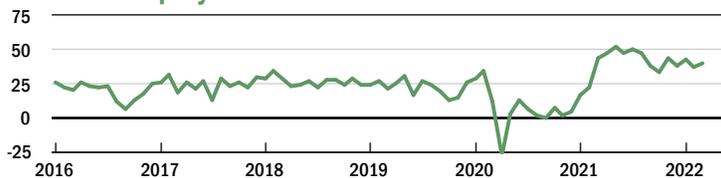
	Percent Reporting		Index
	Higher	Lower	
Feb	65.1	8.9	56.3
Mar	50.8	14.0	36.8
Change			-19.5

## Business Climate



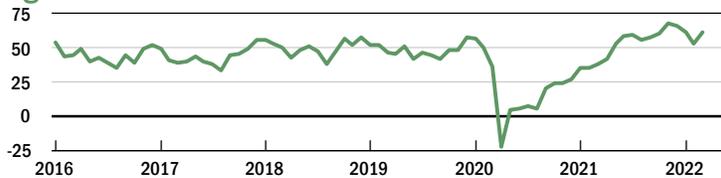
	Percent Reporting		Index
	Better	Worse	
Feb	54.2	13.0	41.1
Mar	40.1	24.0	16.1
Change			-25.0

## Number of Employees



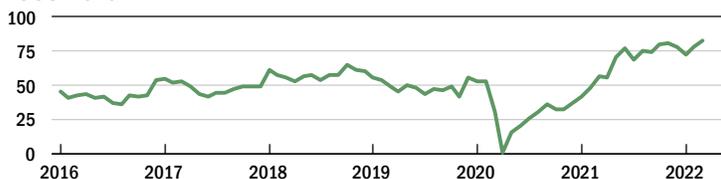
	Percent Reporting		Index
	Higher	Lower	
Feb	47.6	10.5	37.2
Mar	50.3	10.1	40.2
Change			3.0

## Wages



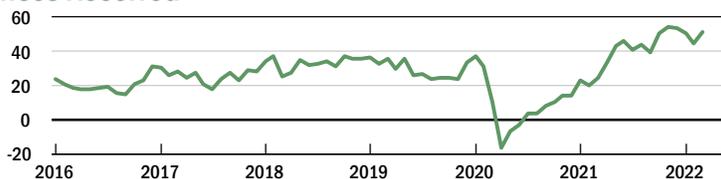
	Percent Reporting		Index
	Higher	Lower	
Feb	54.5	1.6	52.9
Mar	64.0	2.6	61.4
Change			8.5

## Prices Paid



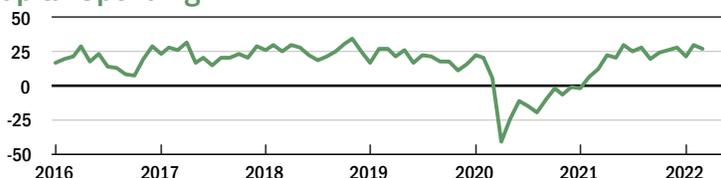
	Percent Reporting		Index
	Higher	Lower	
Feb	78.5	0.5	78.0
Mar	83.6	1.1	82.5
Change			4.5

## Prices Received



	Percent Reporting		Index
	Higher	Lower	
Feb	47.1	2.6	44.4
Mar	55.3	3.7	51.6
Change			7.2

## Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Feb	38.9	8.9	30.0
Mar	38.8	12.2	26.6
Change			-3.4