

Business Leaders Survey

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

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

Activity increased marginally in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's September 2022 *Business Leaders Survey*. The survey's headline business activity index climbed ten points to 5.3. The business climate index held steady at -28.6, indicating that firms continued to view the business climate as worse than normal for this time of year. Employment growth continued to be modest, and wage increases picked up. The prices paid and prices received indexes remained elevated. Looking ahead, firms were somewhat positive about the six-month outlook, but optimism remained subdued.

Growth Remains Weak

Business activity in the region's service sector increased slightly, according to the September survey. The headline business activity index rose ten points to 5.3. Thirty-five percent of respondents reported that conditions improved over the month and 30 percent said that conditions worsened. The business climate index held steady at -28.6, indicating that, on net, firms continued to view the business climate as worse than normal.

Wage Increases Accelerate

The wages index climbed seven points to 58.8, pointing to a pickup in wage growth. At 8.6, the employment index was little changed, suggesting another

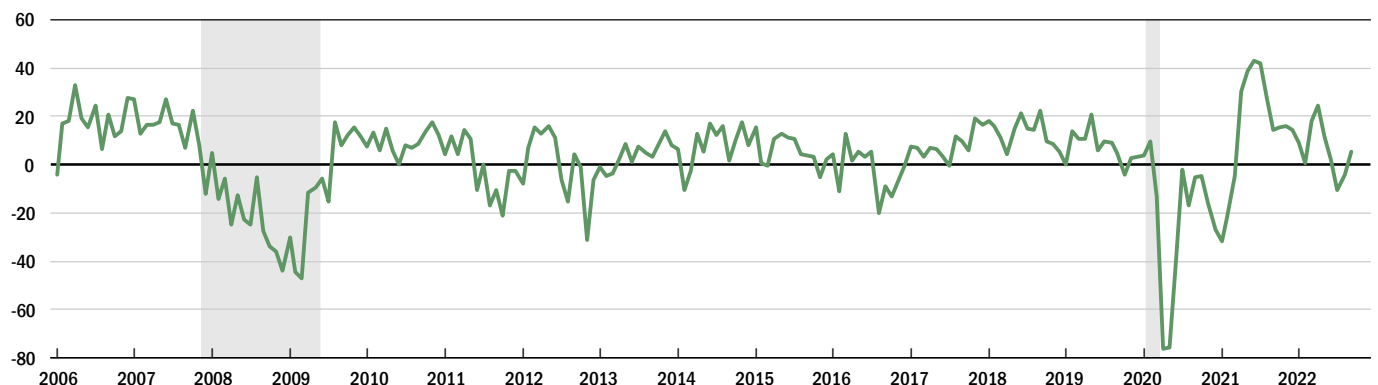
modest increase in employment levels. The prices paid index fell five points to 77.7, indicating ongoing significant input price increases, though at a slightly slower pace than last month, while the prices received index edged up three points to 42.6. The capital spending index held steady at 9.7.

Optimism Remains Subdued

Conditions are expected to improve modestly over the next six months. The index for future business activity moved up to 16.4, though the index for the future business climate remained negative at -3.7. Employment is expected to grow in the months ahead, and wage and price increases are expected to remain widespread. ■

Business Activity

Diffusion Index

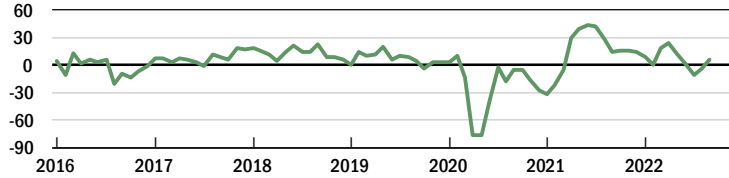


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

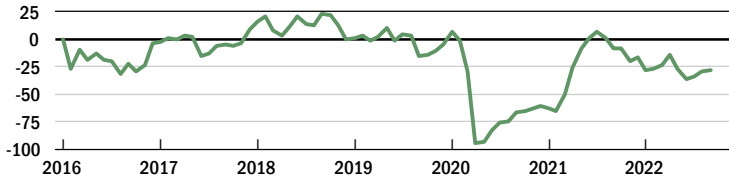
Change from Preceding Month

Business Activity



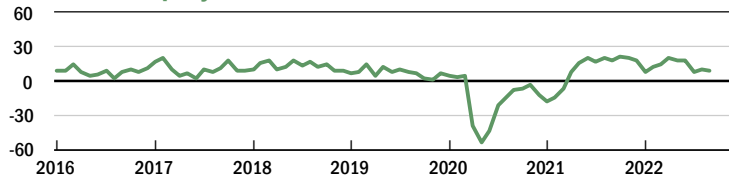
	Percent Reporting		Index
	Higher	Lower	
Aug	27.9	32.2	-4.4
Sep	35.1	29.8	5.3
Change			9.7

Business Climate



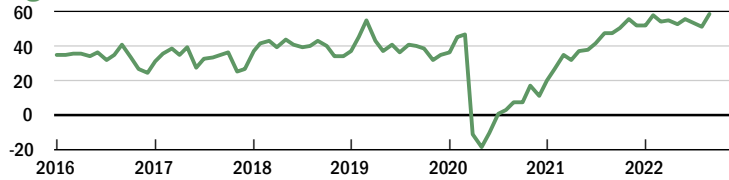
	Percent Reporting		Index
	Favorable	Unfavorable	
Aug	19.1	48.6	-29.5
Sep	20.1	48.7	-28.6
Change			0.9

Number of Employees



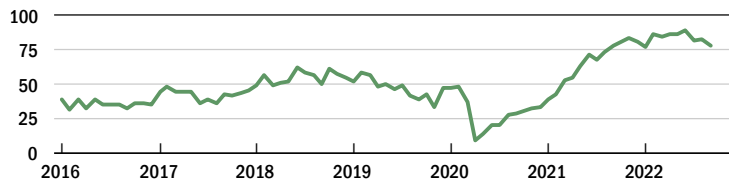
	Percent Reporting		Index
	Higher	Lower	
Aug	28.0	18.1	9.9
Sep	25.1	16.6	8.6
Change			-1.3

Wages



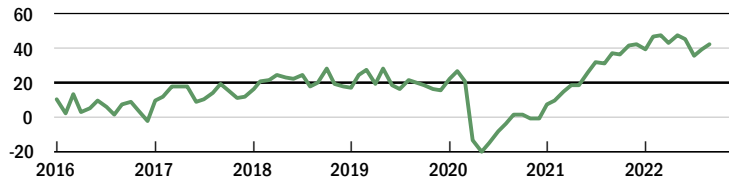
	Percent Reporting		Index
	Higher	Lower	
Aug	53.3	1.6	51.6
Sep	59.4	0.5	58.8
Change			7.2

Prices Paid



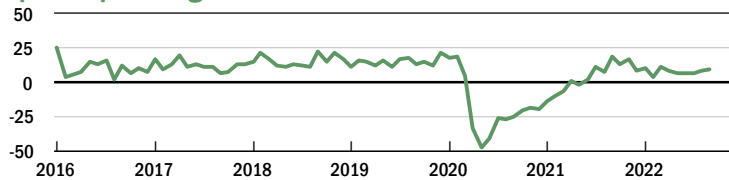
	Percent Reporting		Index
	Higher	Lower	
Aug	84.1	1.6	82.4
Sep	81.4	3.7	77.7
Change			-4.7

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Aug	44.0	4.4	39.6
Sep	45.2	2.7	42.6
Change			3.0

Capital Spending

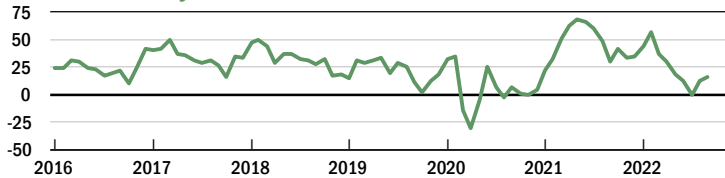


	Percent Reporting		Index
	Higher	Lower	
Aug	26.0	17.7	8.3
Sep	25.8	16.1	9.7
Change			1.4

Forward-Looking Indicators

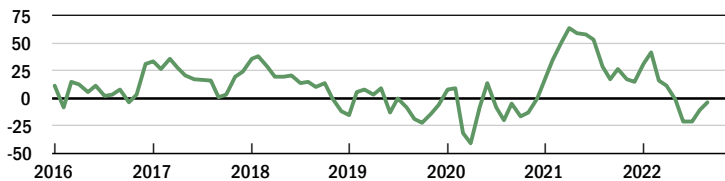
Expectations Six Months Ahead

Business Activity



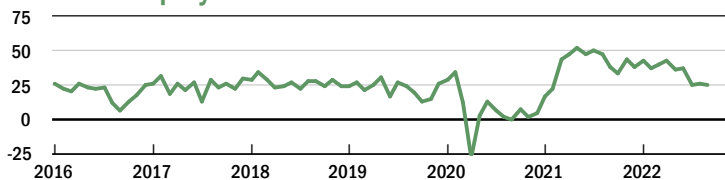
	Percent Reporting		Index
	Higher	Lower	
Aug	37.2	24.6	12.6
Sep	40.2	23.8	16.4
Change			3.8

Business Climate



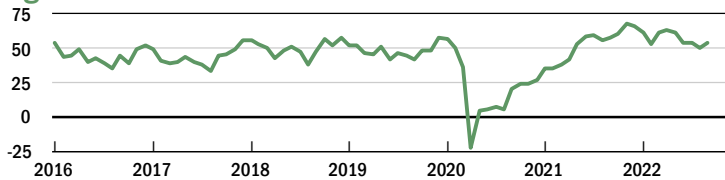
	Percent Reporting		Index
	Better	Worse	
Aug	25.1	35.5	-10.4
Sep	27.0	30.7	-3.7
Change			6.7

Number of Employees



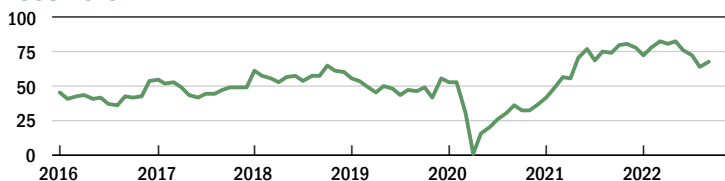
	Percent Reporting		Index
	Higher	Lower	
Aug	39.2	13.1	26.1
Sep	36.0	11.3	24.7
Change			-1.4

Wages



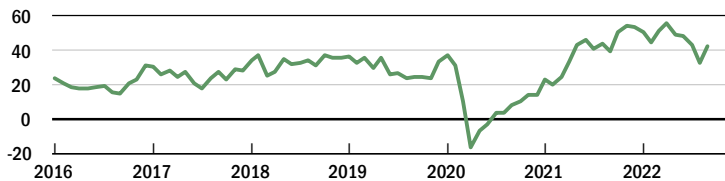
	Percent Reporting		Index
	Higher	Lower	
Aug	52.0	2.3	49.7
Sep	54.5	0.5	54.0
Change			4.3

Prices Paid



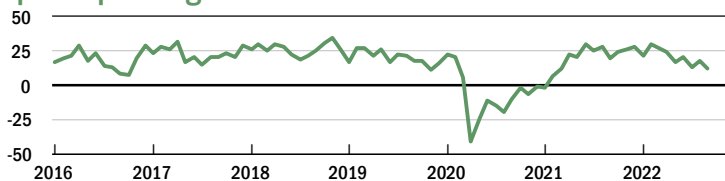
	Percent Reporting		Index
	Higher	Lower	
Aug	70.1	5.6	64.4
Sep	71.7	3.7	67.9
Change			3.5

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Aug	38.6	5.7	33.0
Sep	46.2	3.8	42.5
Change			9.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Aug	31.3	13.6	17.6
Sep	29.2	16.8	12.4
Change			-5.2