

Business Leaders Survey

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

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

Growth stalled in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's June 2022 *Business Leaders Survey*. The survey's headline business activity index fell nine points to 2.2. The business climate index also fell, moving down nine points to -36.2, 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 reached a new record high, and the prices received index remained near its recent peak. Looking ahead, optimism continued to wane, with firms turning pessimistic about the expected future business climate.

Activity Flat

After three months of growth, business activity in the region's service sector leveled off, according to the June survey. The headline business activity index fell nine points to 2.2, its lowest reading since February. Twenty-nine percent of respondents reported that conditions improved over the month and 27 percent said that conditions worsened. The business climate index fell nine points to -36.2, its lowest reading since March 2021, indicating that on net, firms continued to view the business climate as worse than normal.

Ongoing Solid Gains in Employment and Wages

The employment index held steady at 18.1, pointing to a solid increase in employment levels. At 55.4, the wages

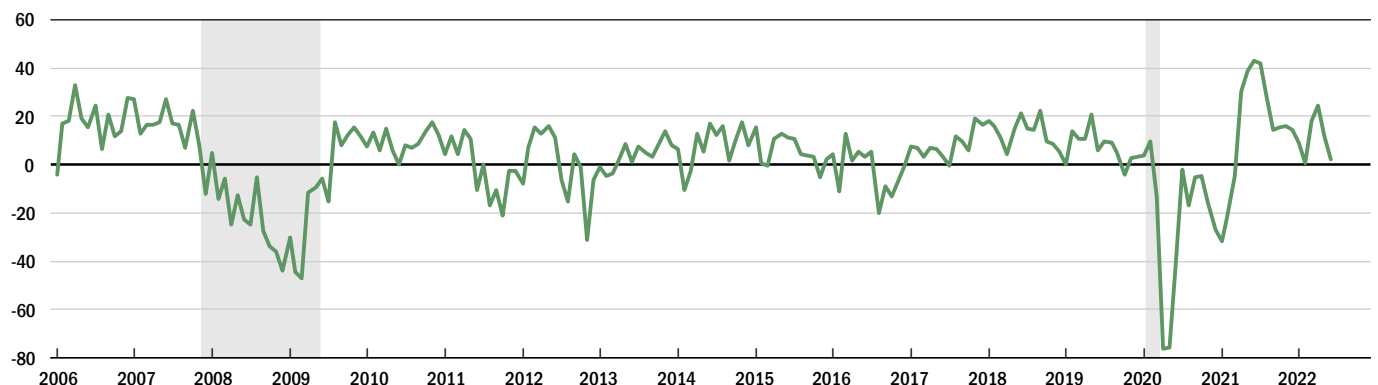
index was little changed, signaling another month of strong wage growth. The prices paid index rose to a record high of 89.3, and the prices received index was little changed at 45.1, indicating that prices continued to rise at a steep pace. The capital spending index held steady at 6.9.

Firms Pessimistic about Future Business Climate

Optimism about the six-month outlook continued to wane. The index for future business activity fell six points to 12.9. The index for future business climate slumped twenty points to -21.3, its lowest level since 2020, indicating that firms expect the business climate to remain worse than normal. Strong gains in employment, wages, and prices are expected in the months ahead. ■

Business Activity

Diffusion Index

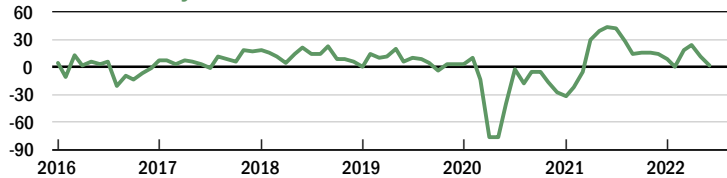


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

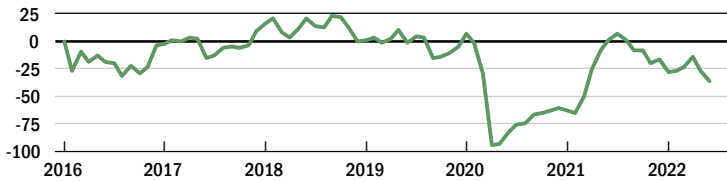
Change from Preceding Month

Business Activity



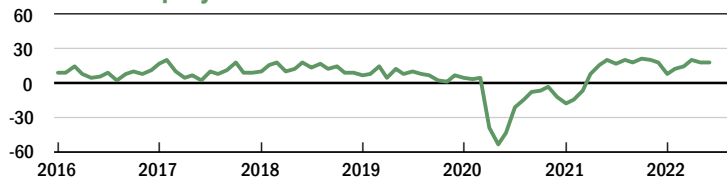
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 34.6 | 23.0 | 11.5 |
| Jun | 29.2 | 27.0 | 2.2 |
| Change | | | -9.3 |

Business Climate



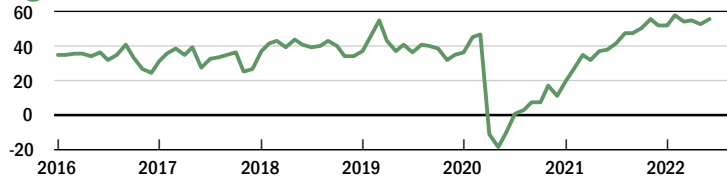
| | Percent Reporting | | Index |
|--------|-------------------|-------------|-------|
| | Favorable | Unfavorable | |
| May | 21.9 | 49.0 | -27.1 |
| Jun | 15.8 | 52.0 | -36.2 |
| Change | | | -9.1 |

Number of Employees



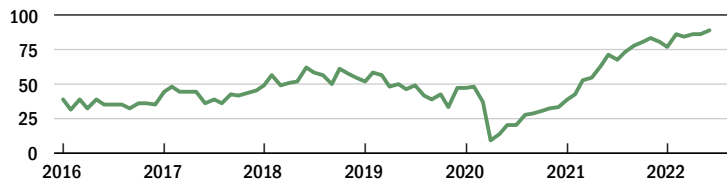
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 30.9 | 12.6 | 18.3 |
| Jun | 32.2 | 14.1 | 18.1 |
| Change | | | -0.2 |

Wages



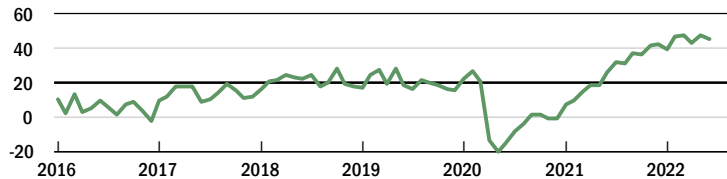
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 54.5 | 1.6 | 52.9 |
| Jun | 57.1 | 1.7 | 55.4 |
| Change | | | 2.5 |

Prices Paid



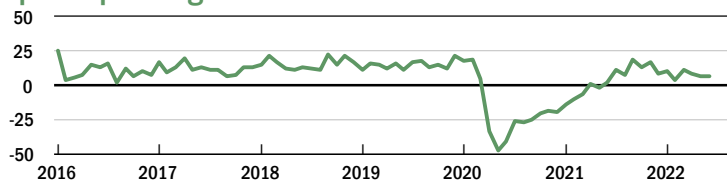
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 87.4 | 1.0 | 86.4 |
| Jun | 89.8 | 0.6 | 89.3 |
| Change | | | 2.9 |

Prices Received



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 50.0 | 2.6 | 47.4 |
| Jun | 48.0 | 2.9 | 45.1 |
| Change | | | -2.3 |

Capital Spending

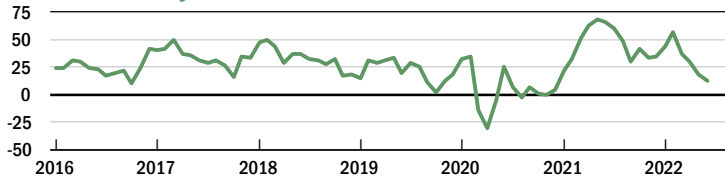


| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 26.3 | 20.0 | 6.3 |
| Jun | 25.9 | 19.0 | 6.9 |
| Change | | | 0.6 |

Forward-Looking Indicators

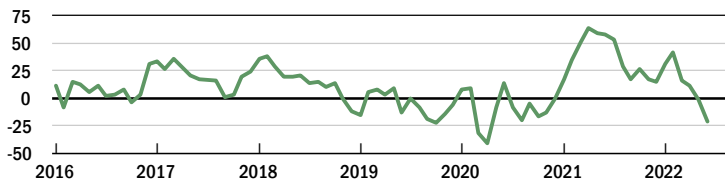
Expectations Six Months Ahead

Business Activity



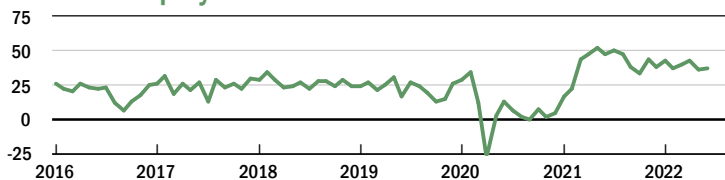
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 42.2 | 23.4 | 18.8 |
| Jun | 37.6 | 24.7 | 12.9 |
| Change | | | -5.9 |

Business Climate



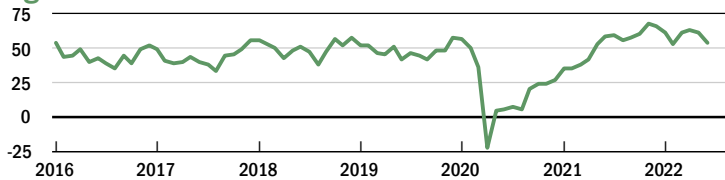
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Better | Worse | |
| May | 28.1 | 29.7 | -1.6 |
| Jun | 19.7 | 41.0 | -21.3 |
| Change | | | -19.7 |

Number of Employees



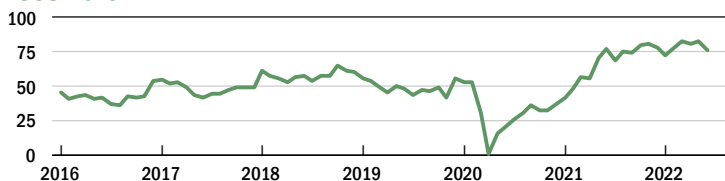
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 42.8 | 7.0 | 35.8 |
| Jun | 46.3 | 9.1 | 37.1 |
| Change | | | 1.3 |

Wages



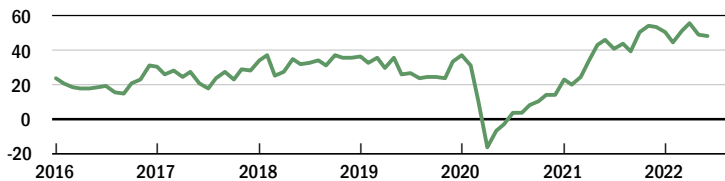
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 61.5 | 0.5 | 61.0 |
| Jun | 55.7 | 1.7 | 54.0 |
| Change | | | -7.0 |

Prices Paid



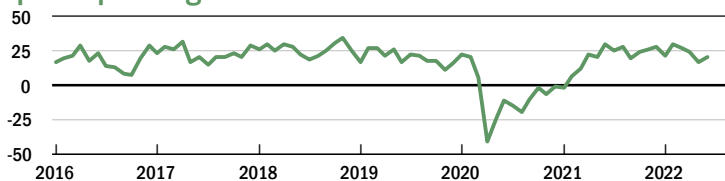
| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 84.0 | 1.6 | 82.4 |
| Jun | 78.9 | 2.9 | 76.0 |
| Change | | | -6.4 |

Prices Received



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 52.7 | 3.7 | 48.9 |
| Jun | 52.0 | 4.0 | 48.0 |
| Change | | | -0.9 |

Capital Spending



| | Percent Reporting | | Index |
|--------|-------------------|-------|-------|
| | Higher | Lower | |
| May | 33.0 | 16.0 | 17.0 |
| Jun | 33.7 | 13.4 | 20.3 |
| Change | | | 3.3 |