

Business Leaders Survey

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

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

Activity continued to decline in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's November 2022 *Business Leaders Survey*. The survey's headline business activity index moved up four points but remained below zero at -11.8, its third negative reading in the past four months. The business climate index edged down to -43.6. Despite the decline in activity, employment continued to expand. The wages index, while elevated, fell to its lowest level in more than a year, pointing to a slowing of wage growth. The pace of input price increases was little changed, while the pace of selling price increases slowed somewhat. Looking ahead, firms grew more pessimistic about the six-month outlook.

Activity Continues to Contract

Like last month, business activity declined in the region's service sector, according to the November survey. The headline business activity index edged up four points but remained negative at -11.8. Twenty-five percent of respondents reported that conditions improved over the month and thirty-seven percent said that conditions worsened. The business climate index edged down two points to -43.6, with 58 percent of respondents viewing the business climate as worse than normal.

Employment Expands Despite Decline in Activity

The employment index inched up to 14.9, pointing to solid employment growth despite the decline in overall activity. In a significant decline, the wages index fell

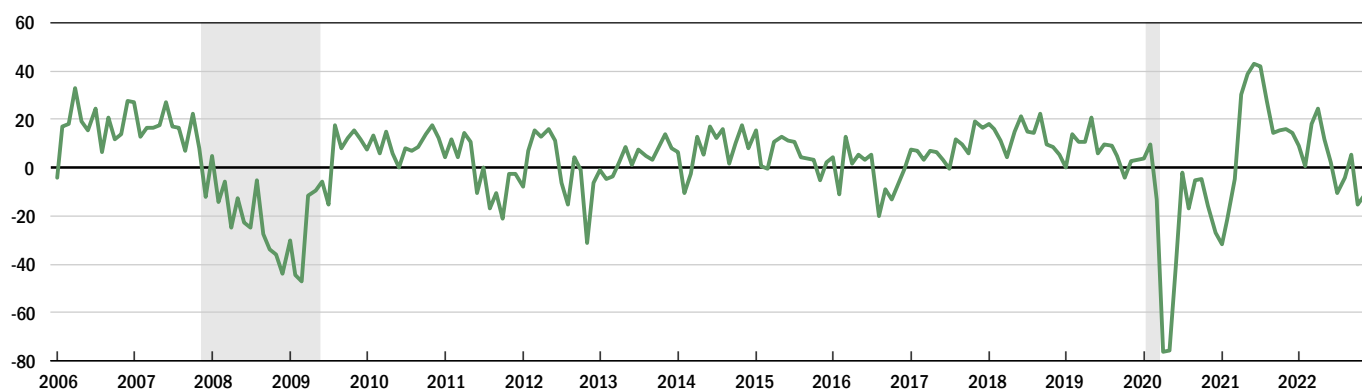
eleven points to 46.8, indicating a slowing of wage growth. The prices paid index held steady at 79.3, signaling ongoing significant input price increases, and the prices received index moved down six points to 33.7, its lowest level in more than a year. Capital spending edged higher.

Firms Remain Pessimistic

Conditions are expected to continue to worsen over the next six months. The index for future business activity fell seven points to -14.4, its lowest level since early 2020, and the index for the future business climate fell four points to -34.2. Employment is expected to grow in the months ahead, though hiring plans appeared to weaken, and wage and price increases are expected to remain widespread. ■

Business Activity

Diffusion Index

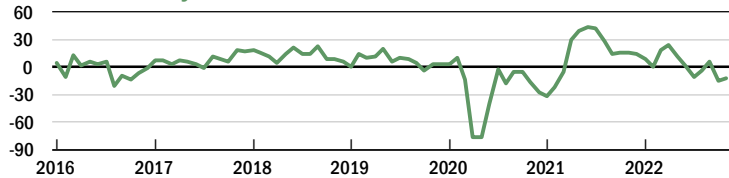


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

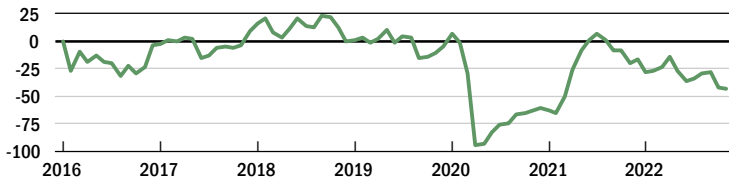
Change from Preceding Month

Business Activity



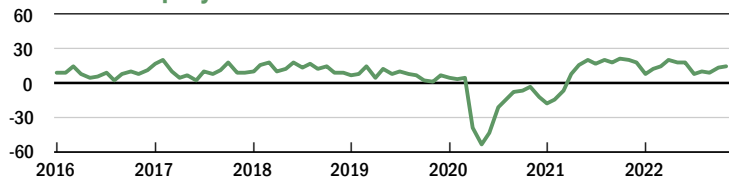
	Percent Reporting		Index
	Higher	Lower	
Oct	23.0	38.5	-15.5
Nov	24.7	36.6	-11.8
Change			3.7

Business Climate



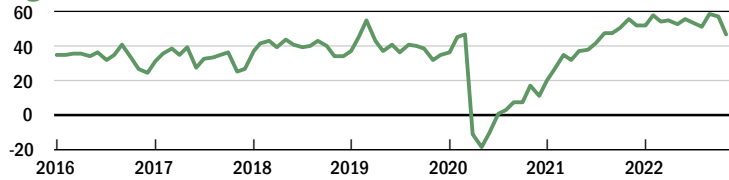
	Percent Reporting		Index
	Favorable	Unfavorable	
Oct	13.7	55.3	-41.6
Nov	14.4	58.0	-43.6
Change			-2.0

Number of Employees



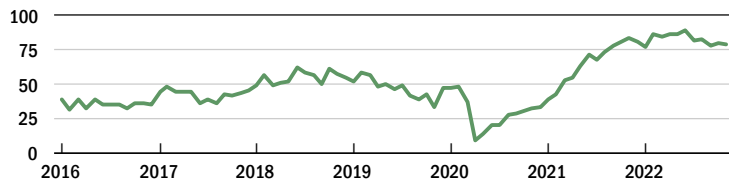
	Percent Reporting		Index
	Higher	Lower	
Oct	28.4	15.3	13.2
Nov	26.6	11.7	14.9
Change			1.7

Wages



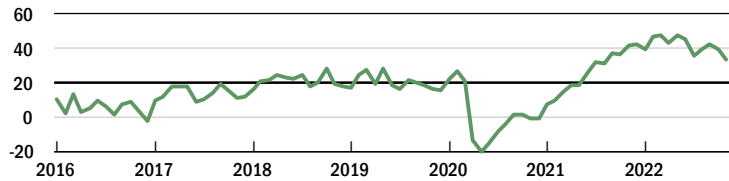
	Percent Reporting		Index
	Higher	Lower	
Oct	57.9	0.5	57.4
Nov	49.5	2.7	46.8
Change			-10.6

Prices Paid



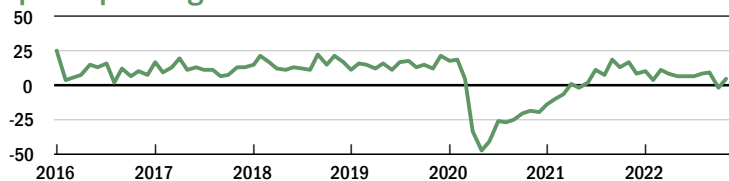
	Percent Reporting		Index
	Higher	Lower	
Oct	81.6	2.1	79.5
Nov	81.9	2.7	79.3
Change			-0.2

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	44.4	5.3	39.2
Nov	38.5	4.8	33.7
Change			-5.5

Capital Spending

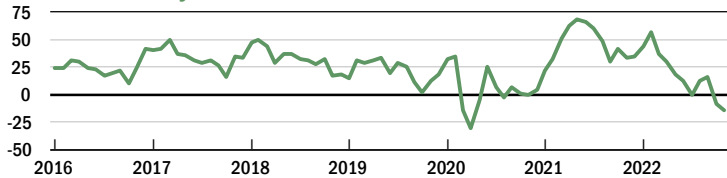


	Percent Reporting		Index
	Higher	Lower	
Oct	20.1	22.2	-2.1
Nov	22.9	18.1	4.8
Change			6.9

Forward-Looking Indicators

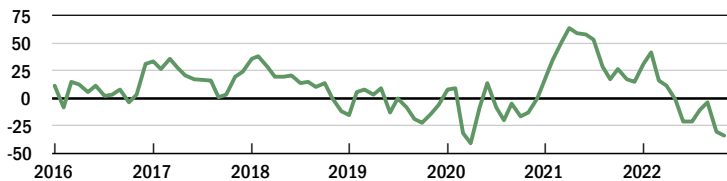
Expectations Six Months Ahead

Business Activity



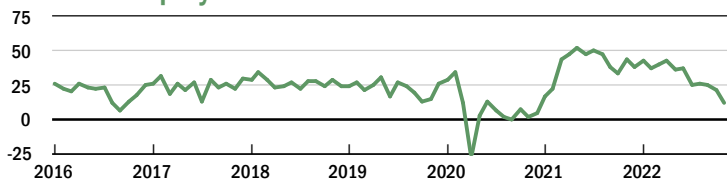
	Percent Reporting		Index
	Higher	Lower	
Oct	24.7	32.6	-7.9
Nov	23.0	37.4	-14.4
Change			-6.5

Business Climate



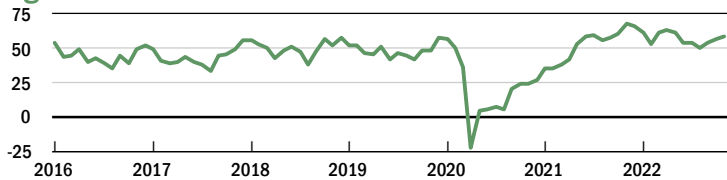
	Percent Reporting		Index
	Better	Worse	
Oct	15.3	45.5	-30.2
Nov	13.9	48.1	-34.2
Change			-4.0

Number of Employees



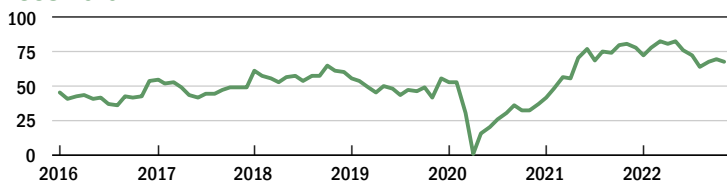
	Percent Reporting		Index
	Higher	Lower	
Oct	36.4	14.7	21.7
Nov	28.1	16.2	11.9
Change			-9.8

Wages



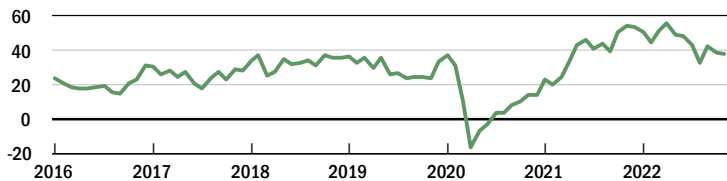
	Percent Reporting		Index
	Higher	Lower	
Oct	59.2	2.2	57.1
Nov	60.7	2.2	58.5
Change			1.4

Prices Paid



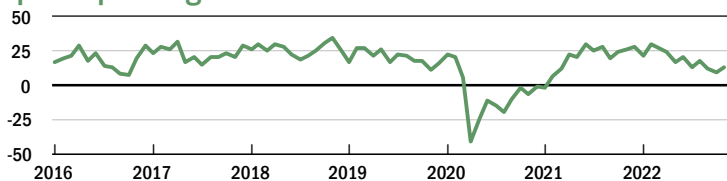
	Percent Reporting		Index
	Higher	Lower	
Oct	73.8	3.8	69.9
Nov	71.9	4.3	67.6
Change			-2.3

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Oct	42.9	4.4	38.5
Nov	45.7	7.6	38.0
Change			-0.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Oct	27.2	17.9	9.2
Nov	30.8	17.8	13.0
Change			3.8