

# Supplemental Survey Report

## Businesses Report Sharp Acceleration in Most Costs

Supplementary questions to the December *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on recent and expected changes in the prices paid by firms for several major budget categories, including wages, employee benefits, insurance, energy, and other commodities. An identical set of questions had been asked in the December 2020 survey, and similar questions were asked in surveys conducted in December 2019 and earlier. Businesses were also queried on recent and expected changes in supply disruptions, as in November and October 2021. The latest survey was in the field from December 2 through December 9.

In the current survey, far more businesses reported that supply disruptions had worsened over the past month than reported improvement: specifically, 40 percent of service firms and 60 percent of manufacturers reported that the availability of supplies had worsened over the past month, while fewer than 5 percent in both groups said it had improved. Still, these results were somewhat less negative than in November. Looking ahead to the next month, a majority of service-sector firms predicted that the availability of supplies would not

change, while nearly twice as many projected that availability would worsen (25 percent) as said it would improve (13 percent). Among manufacturers, 46 percent of businesses said they expect conditions to worsen, while just 9 percent predicted improvement.

On the issue of input prices, the average service firm reported that the prices they paid in 2021 for labor, materials, and other inputs combined rose by 7 percent, and the average manufacturer indicated a corresponding hike of just over 10 percent. This result contrasts dramatically with the respective average price hikes of 1.8 and 3.0 percent in 2020 indicated in last December's survey. It also far exceeds the increases that businesses had expected to see in 2021—3.8 percent and 3.3 percent, respectively—based on that earlier survey. Looking ahead to 2022, service-sector respondents foresee their input prices rising by nearly 8 percent, while manufacturers expect prices to rise by nearly 10 percent, on average.

Businesses were also asked about input prices in particular categories, for which both current and historical data are shown in the charts below. For wages,

both service firms and manufacturers reported an average increase of nearly 6 percent during 2021—roughly double what had been expected in last December's survey. Looking ahead to 2022, both groups projected that wages would increase by the same percentage. Employee benefits were reported to have risen by just under 5 percent, on average, but were expected to rise by 6-7 percent in 2022. Businesses reported that energy prices had risen nearly 7 percent in 2021; service firms predicted a similar increase in 2022, while manufacturers said they expect an 8 percent rise next year. The average price hike for other commodities in 2021 was 6 percent among service firms but nearly 14 percent among manufacturers, who projected a further rise of 10 percent in 2022. Open-ended comments suggest that much of this increase in other commodities prices reflects a sharp rise in metals prices. The one expense category where prices barely increased was rent, where the average hike was just 1 percent; modest increases are also expected for 2022. Businesses reported significantly steeper price increases for almost all of the expense categories than in last December's survey. ■

## Supplemental Survey Report, *continued*

### QUESTION 1

For each category How has the availability of supplies you need changed over the past month, and how do you expect availability to change over the next month? *[Please do not count relatively incidental supplies that are trivial to running your business.]*

	Business Leaders Survey			Empire State Manufacturing Survey		
	Percentage of Respondents					
	Worsened	Unchanged	Improved	Worsened	Unchanged	Improved
Over the past month	39.9	56.0	4.2	59.5	37.9	2.6
Over the next month	25.4	61.1	13.5	46.2	44.5	9.2

### QUESTION 2

For each of the following budget categories, please indicate the approximate percentage change in the price you paid in 2021 and the expected percentage change in the price in 2022:

	Business Leaders Survey		Empire State Manufacturing Survey	
	Average* Percentage Change Reported for 2021	Average* Percentage Change Expected for 2022	Average* Percentage Change Reported for 2021	Average* Percentage Change Expected for 2022
Wages	5.7	5.7	5.6	5.7
Employee benefits	4.9	7.0	4.6	6.0
Rent	1.1	1.8	0.7	0.8
Insurance (liability, fire, etc.)	4.8	5.9	4.4	5.0
Outside services	5.1	5.6	5.7	6.3
Other operating costs	4.7	5.5	6.6	7.1
Energy	6.6	6.7	6.9	8.1
Other commodities	6.0	5.2	13.6	10.2
Overall	6.9	7.7	10.2	9.6

*\*The numbers for individual categories represent the trimmed means of the reported and expected percentage changes in prices paid for that category. The Overall average may exceed all the category averages because the various categories of expenses may have substantially different weights in the responding businesses' overall cost structure.*

# Supplemental Survey Report, *continued*

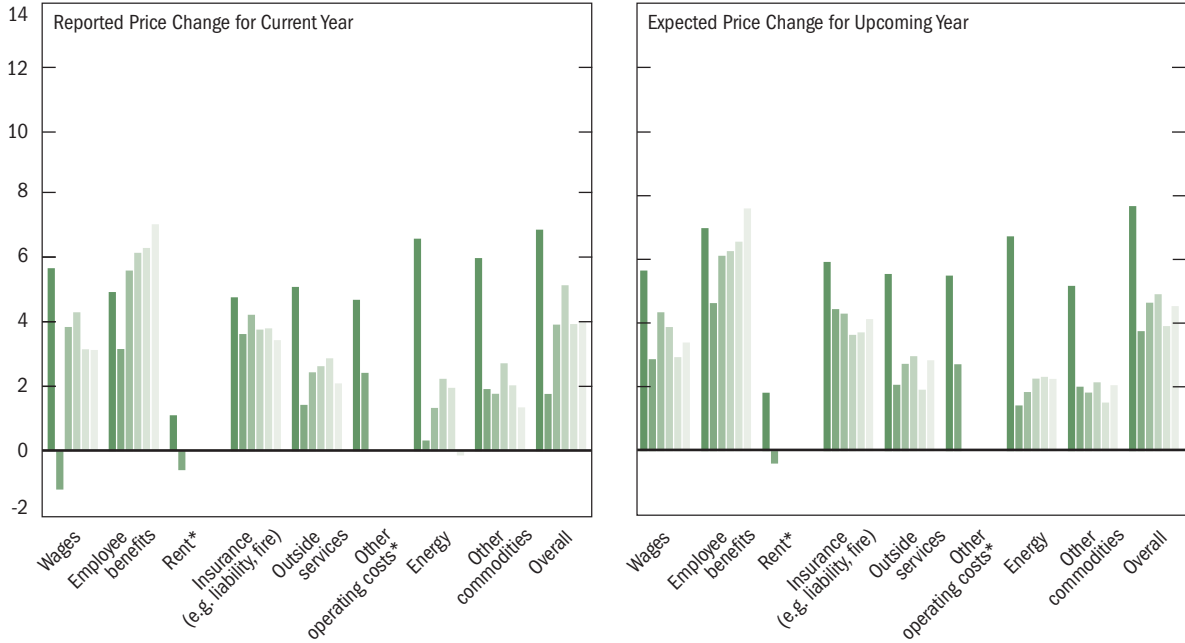
## HISTORICAL OVERVIEW FOR QUESTION 2

For each of the following budget categories, please indicate the approximate percentage change in the price you paid over the past year and the expected percentage change in the price next year:

### Business Leaders Survey

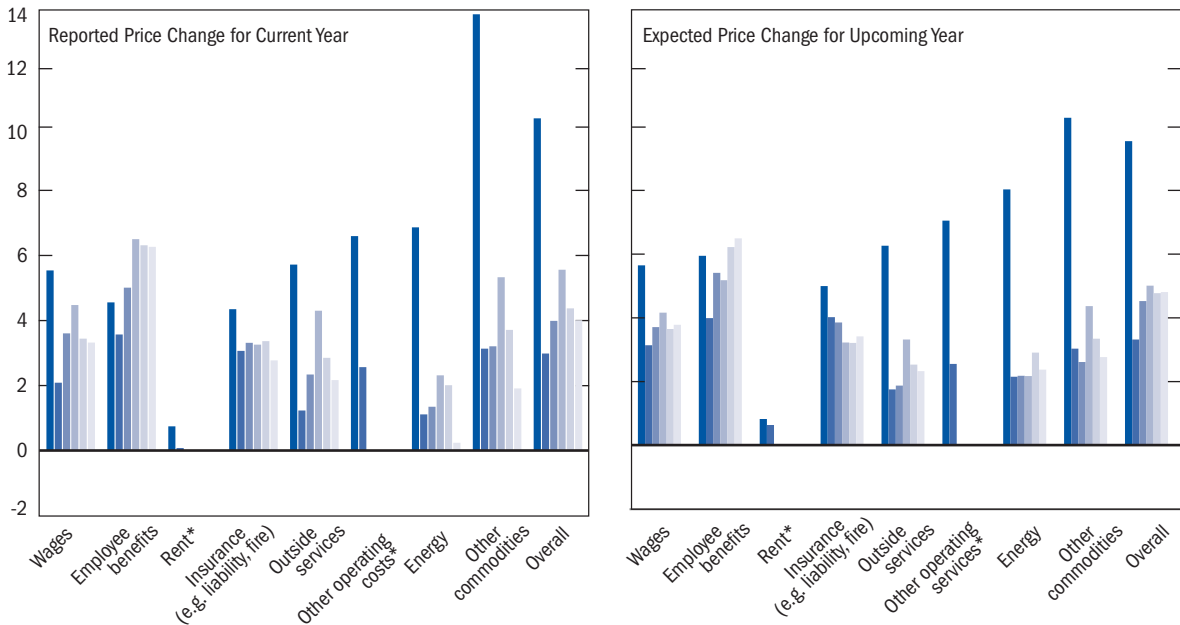
December 2021 December 2020 December 2019 December 2018 December 2017 December 2016

Percent



### Empire State Manufacturing Survey

December 2021 December 2020 December 2019 December 2018 December 2017 December 2016



\*These categories were not included in surveys prior to December 2020.