

Business Leaders Survey

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

Note: Survey responses were collected between January 3 and January 10.

Business activity in the region's service sector grew at a slower pace than in recent months, according to firms responding to the Federal Reserve Bank of New York's January 2022 *Business Leaders Survey*. The survey's headline business activity index fell five points to 9.2. The business climate index fell twelve points to -27.9, indicating that firms generally viewed the business climate as worse than normal for this time of year. Employment growth slowed to a modest pace, and wages continued to rise at a solid clip. Both the prices paid and prices received indexes edged slightly lower but remained near record highs. Looking ahead, most firms expect conditions to improve over the next six months.

Growth Slows

Business activity increased in the region's service sector, but at its

slowest pace since March of last year, according to the January survey. The headline business activity index moved down five points to 9.2. Thirty-five percent of respondents reported that conditions improved over the month, while 26 percent said that conditions worsened. The business climate index fell twelve points to -27.9, indicating that on net, firms continued to view the business climate as worse than normal for this time of year.

Price Increases Remain Substantial

Both input prices and selling prices continued to increase at a near record pace in January, though the indexes were marginally lower than last month. The prices paid index ticked down three points to 77.3,

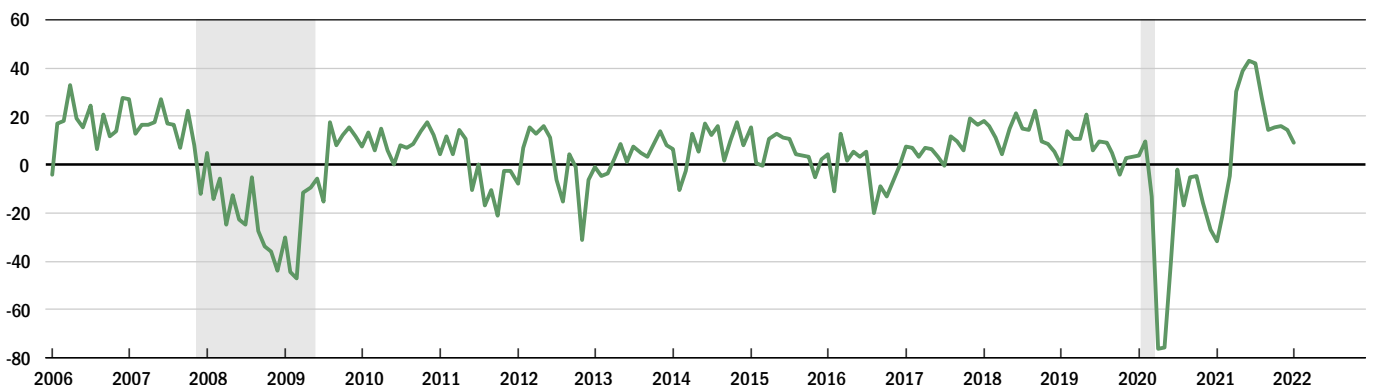
and the prices received index fell three points to 39.4. The employment index dipped eleven points to 7.6, suggesting that employment growth slowed, and the wages index was unchanged at 52.3, signaling another month of strong wage growth. The capital spending index held steady at 9.8.

Firms Remain Optimistic

Firms generally expected that conditions would improve over the next six months. The index for future business activity increased nine points to 43.7, while the future business climate index rose sixteen points to 30.6, its highest level in several months. Strong gains in employment, wages, and prices are expected in the months ahead, and capital spending plans remained solid. ■

Business Activity

Diffusion Index

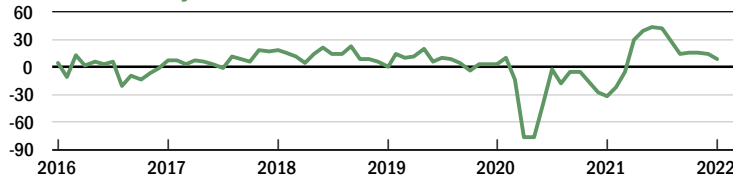


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

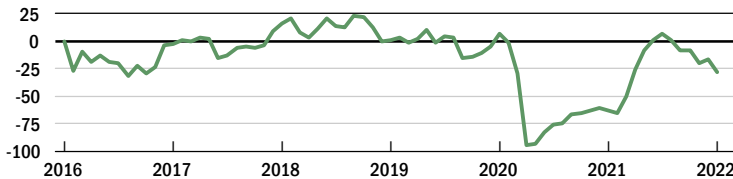
Change from Preceding Month

Business Activity



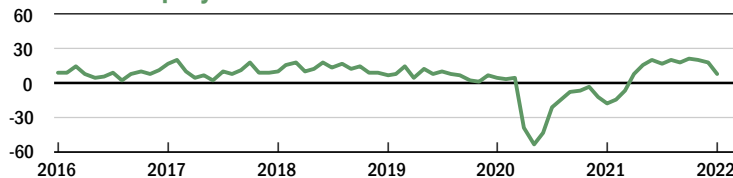
	Percent Reporting		Index
	Higher	Lower	
Dec	37.9	23.6	14.4
Jan	35.2	26.0	9.2
Change			-5.2

Business Climate



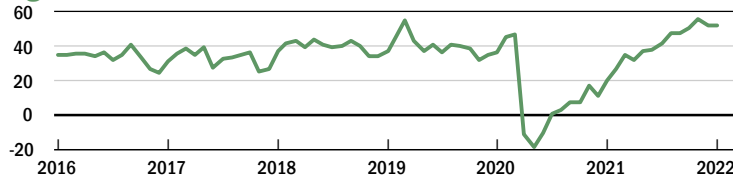
	Percent Reporting		Index
	Favorable	Unfavorable	
Dec	26.0	42.3	-16.3
Jan	17.8	45.7	-27.9
Change			-11.6

Number of Employees



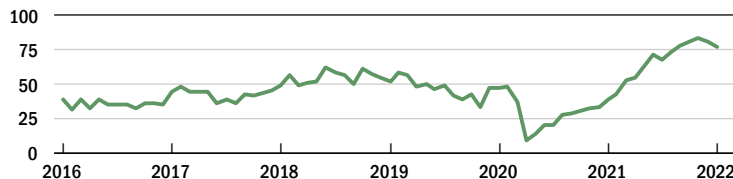
	Percent Reporting		Index
	Higher	Lower	
Dec	35.7	17.3	18.4
Jan	27.9	20.3	7.6
Change			-10.8

Wages



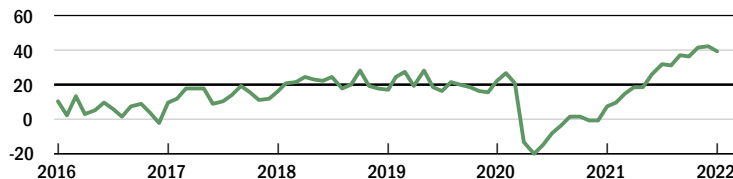
	Percent Reporting		Index
	Higher	Lower	
Dec	53.3	1.0	52.3
Jan	52.3	0.0	52.3
Change			0.0

Prices Paid



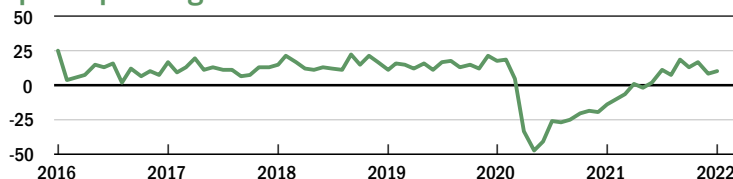
	Percent Reporting		Index
	Higher	Lower	
Dec	81.1	0.5	80.6
Jan	77.8	0.5	77.3
Change			-3.3

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Dec	45.9	3.6	42.3
Jan	42.5	3.1	39.4
Change			-2.9

Capital Spending

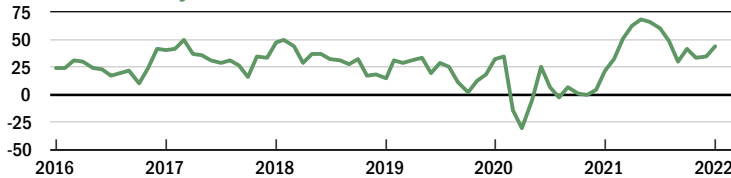


	Percent Reporting		Index
	Higher	Lower	
Dec	22.6	13.8	8.7
Jan	26.8	17.0	9.8
Change			1.1

Forward-Looking Indicators

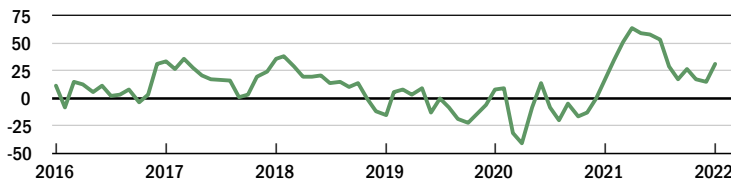
Expectations Six Months Ahead

Business Activity



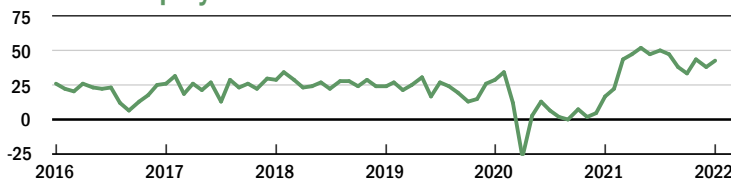
	Percent Reporting		Index
	Higher	Lower	
Dec	48.7	14.4	34.4
Jan	55.3	11.7	43.7
Change			9.3

Business Climate



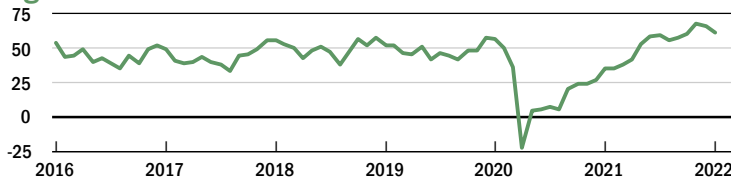
	Percent Reporting		Index
	Better	Worse	
Dec	33.2	18.9	14.3
Jan	44.9	14.3	30.6
Change			16.3

Number of Employees



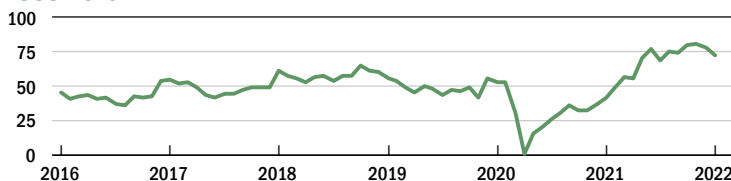
	Percent Reporting		Index
	Higher	Lower	
Dec	45.4	7.2	38.1
Jan	49.0	6.1	42.9
Change			4.8

Wages



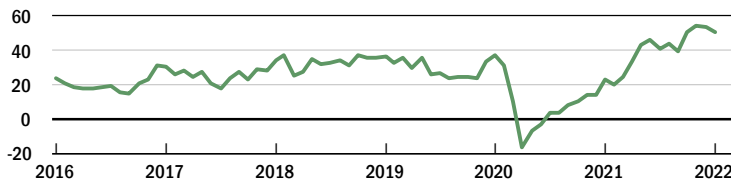
	Percent Reporting		Index
	Higher	Lower	
Dec	66.8	1.0	65.8
Jan	61.7	0.5	61.2
Change			-4.6

Prices Paid



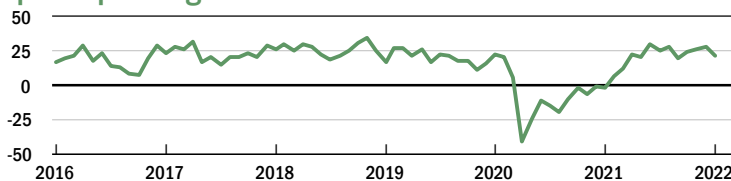
	Percent Reporting		Index
	Higher	Lower	
Dec	79.2	1.6	77.6
Jan	74.2	1.5	72.7
Change			-4.9

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Dec	56.8	3.1	53.6
Jan	53.4	2.6	50.8
Change			-2.8

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Dec	37.3	9.3	28.0
Jan	33.8	12.8	21.0
Change			-7.0