

Business Leaders Survey

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

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

Activity continued to decline modestly in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s March 2023 *Business Leaders Survey*. The survey’s headline business activity index edged up three points but remained negative at -10.1. The business climate index moved down four points to -38.8, suggesting the business climate remains much worse than normal. Employment was somewhat higher, and wage increases were less widespread than last month. Input price increases slowed slightly, while selling price increases were little changed. Looking ahead, firms expect little improvement over the next six months.

Activity Continues to Contract

Business activity declined in the region’s service sector for a sixth consecutive month, according to the March survey. The headline business activity index rose three points but remained negative at -10.1. Twenty-four percent of respondents reported that conditions improved over the month and thirty-four percent said that conditions worsened. The business climate index moved down four points to -38.8, suggesting that the business climate remains much worse than normal.

Ongoing Modest Employment Gains

The employment index was little changed at 6.7, signaling another month of small employment gains. At 49.7, the wages

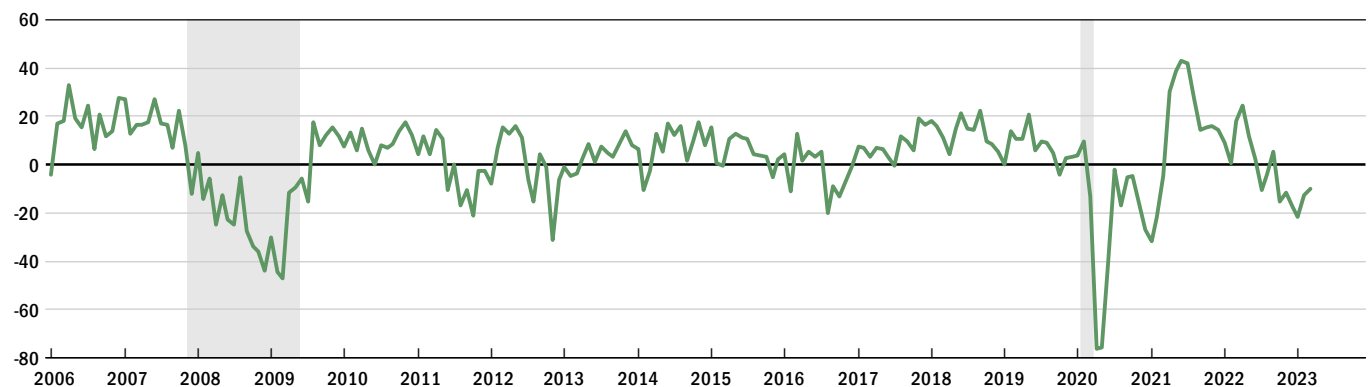
index was down seven points, indicating that wage growth was less widespread than last month. The prices paid index fell four points to 64.8, pointing to a small deceleration in input price increases, while the prices received index held steady at 33.1. Capital spending grew modestly.

Firms Expect Little Improvement

Conditions are expected to improve only slightly over the next six months. The index for future business activity held steady at 6.8, while the index for the future business climate fell eight points to -11.8. Employment is expected to grow modestly in the months ahead, and wage and price increases are expected to remain widespread. ■

Business Activity

Diffusion Index

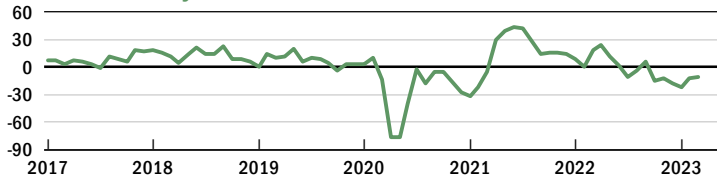


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

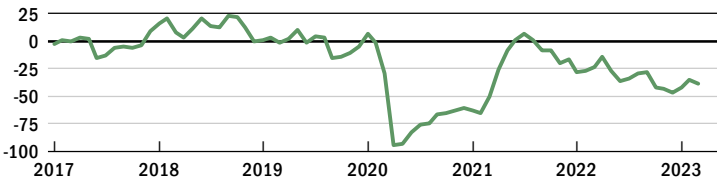
Change from Preceding Month

Business Activity



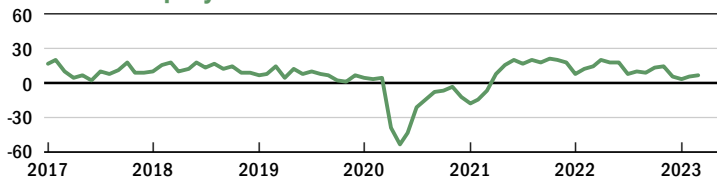
	Percent Reporting		Index
	Higher	Lower	
Feb	26.7	39.5	-12.8
Mar	23.6	33.7	-10.1
Change			2.7

Business Climate



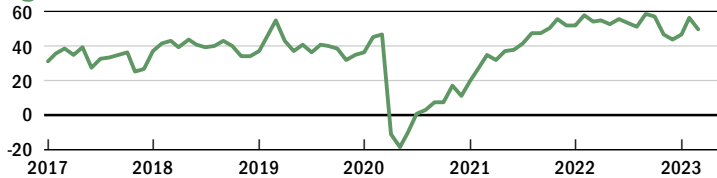
	Percent Reporting		Index
	Favorable	Unfavorable	
Feb	17.4	52.3	-34.9
Mar	15.2	53.9	-38.8
Change			-3.9

Number of Employees



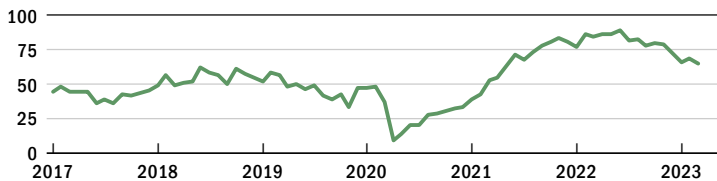
	Percent Reporting		Index
	Higher	Lower	
Feb	25.1	19.3	5.8
Mar	24.0	17.3	6.7
Change			0.9

Wages



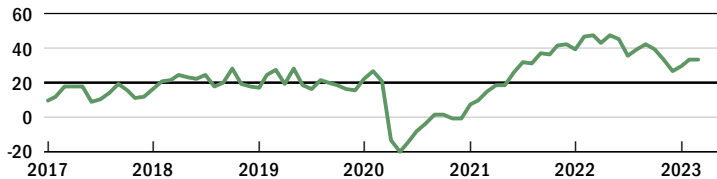
	Percent Reporting		Index
	Higher	Lower	
Feb	59.1	2.3	56.7
Mar	50.8	1.1	49.7
Change			-7.0

Prices Paid



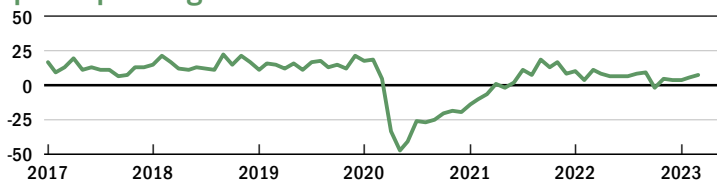
	Percent Reporting		Index
	Higher	Lower	
Feb	73.1	4.1	69.0
Mar	67.6	2.8	64.8
Change			-4.2

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Feb	40.8	7.1	33.7
Mar	39.9	6.7	33.1
Change			-0.6

Capital Spending

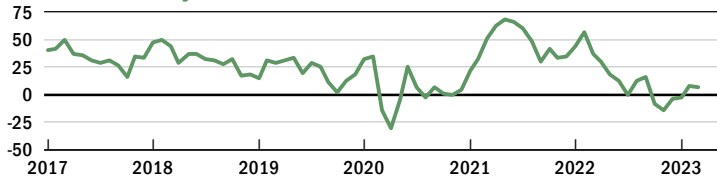


	Percent Reporting		Index
	Higher	Lower	
Feb	24.1	18.8	5.3
Mar	26.6	18.6	7.9
Change			2.6

Forward-Looking Indicators

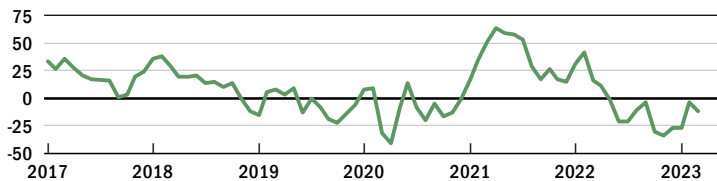
Expectations Six Months Ahead

Business Activity



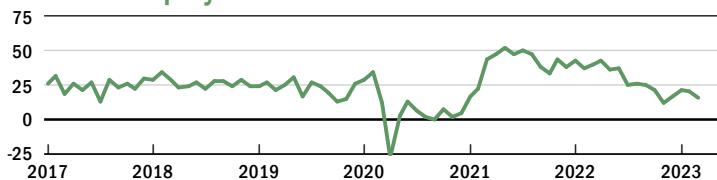
	Percent Reporting		Index
	Higher	Lower	
Feb	33.3	25.1	8.2
Mar	34.7	27.8	6.8
Change			-1.4

Business Climate



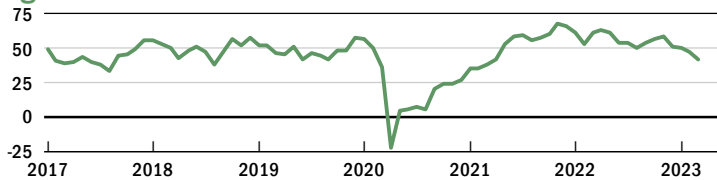
	Percent Reporting		Index
	Better	Worse	
Feb	25.7	29.8	-4.1
Mar	21.9	33.7	-11.8
Change			-7.7

Number of Employees



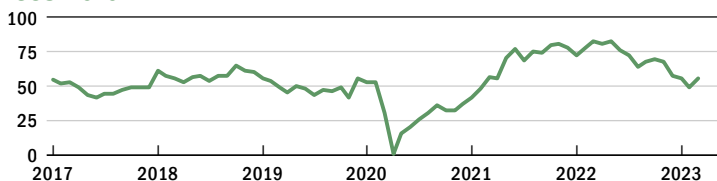
	Percent Reporting		Index
	Higher	Lower	
Feb	36.3	15.5	20.8
Mar	33.7	18.0	15.7
Change			-5.1

Wages



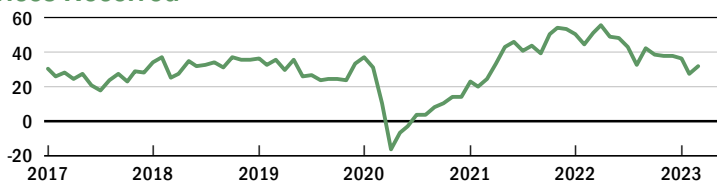
	Percent Reporting		Index
	Higher	Lower	
Feb	49.7	2.4	47.3
Mar	43.3	1.2	42.1
Change			-5.2

Prices Paid



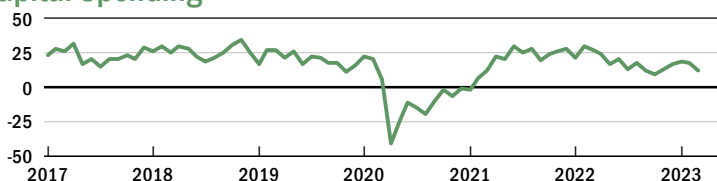
	Percent Reporting		Index
	Higher	Lower	
Feb	55.1	6.0	49.1
Mar	58.7	2.9	55.8
Change			6.7

Prices Received



	Percent Reporting		Index
	Higher	Lower	
Feb	34.9	7.2	27.7
Mar	38.0	5.8	32.2
Change			4.5

Capital Spending



	Percent Reporting		Index
	Higher	Lower	
Feb	33.7	16.3	17.5
Mar	30.4	18.1	12.3
Change			-5.2