

Note: Survey responses were collected from April 8 to April 18.

Nonmanufacturing activity in the region expanded overall this month, according to the firms responding to the April *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, new orders, and sales/revenues were all positive. The full- and part-time employment indexes suggest overall increases in employment. Both price indexes remain near their long-run averages and indicate overall increases in prices this month. The firms continue to expect growth over the next six months at their own firms and in the region.

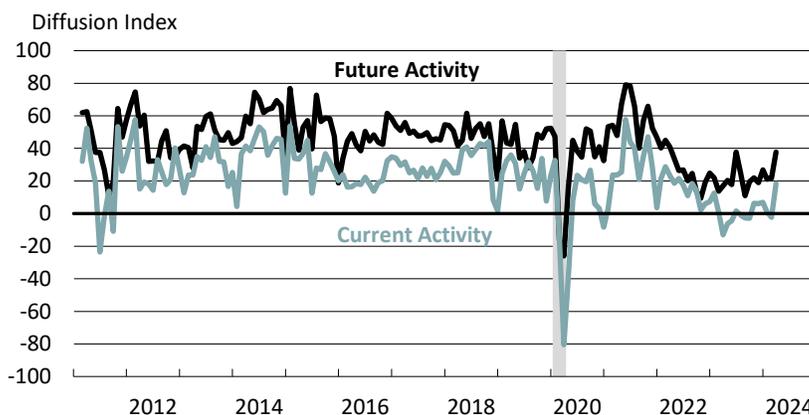
#### Current Indicators Improve

The diffusion index for current general activity at the firm level turned positive, rising from a reading of -2.3 in March to 18.4 this month (see Chart 1). Forty-four percent of the firms reported increases (up from 26 percent last month), while 26 percent reported decreases (down from 29 percent). Twenty-nine percent of the firms reported no change (down from 45 percent). After two consecutive negative readings, the new orders index increased 10 points to 6.5. More than 28 percent of the firms reported increases in new orders, while 22 percent reported decreases. The sales/revenues index rose 9 points to 8.7. More than 34 percent of the firms reported increases in sales/revenues, and almost 26 percent reported decreases. The regional activity index rose 6 points but remained negative at -12.4, its fourth consecutive negative reading.

#### Firms Report Overall Increases in Employment

The full-time employment index increased from 3.5 in March to 11.0 this month. The share of firms reporting increases in full-time employment (26 percent) exceeded the share reporting decreases (15 percent); most firms (55 percent) reported no change. After two consecutive months of negative readings, the part-time employment index increased to 4.5 this month. Most firms (58 percent) reported steady part-time employment, while the share of firms reporting increases (18 percent) exceeded the share reporting decreases (14 percent). The average workweek index turned negative, falling 6 points to -4.6.

Chart 1. Current and Future General Activity Indexes  
January 2011 to April 2024



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

#### Firms Continue to Report Overall Price Increases

Price indicator readings suggest continued increases in input prices and prices for the firms' own goods and services this month. The prices paid index increased 4 points to 31.0 (see Chart 2). More than 35 percent of the respondents reported higher input prices, while 4 percent reported decreases; 53 percent reported no change. Regarding prices for the firms' own goods and services, the prices received index fell 4 points to 12.2. Almost 18 percent of the firms reported increases in their own prices, while 5 percent reported decreases; 67 percent reported no change.

#### Firms Continue to Expect Increases for Wages

In special questions this month, the firms were asked about changes in wages and compensation over the past three months, as well as their expected changes to various input and labor costs for 2024 (see Special Questions on page 3). Almost 50 percent of the firms indicated wages and compensation costs had increased over the past three months, 38 percent reported no change, and 12 percent reported decreases. Most of the firms (69 percent) reported not needing to adjust their 2024 budgets for wages and compensation since the beginning of the year; while equal shares of respondents (9 percent) indicated they are planning to

Released April 23, 2024, at 8:30 a.m. ET.

The next *Nonmanufacturing Business Outlook Survey* will be released on May 21, 2024.



increase wages and compensation by more than originally planned, and sooner than originally planned. The firms still expect higher costs across all categories of expenses in 2024; however, the median expected increases were in line with or slightly lower than expectations for all categories when this question was last asked in July. Although the firms now expect somewhat lower increases in costs for health and nonhealth benefits than when asked in July, their expectations for increases in total compensation (wages plus benefits) costs remained unchanged at a median response of 4 to 5 percent.

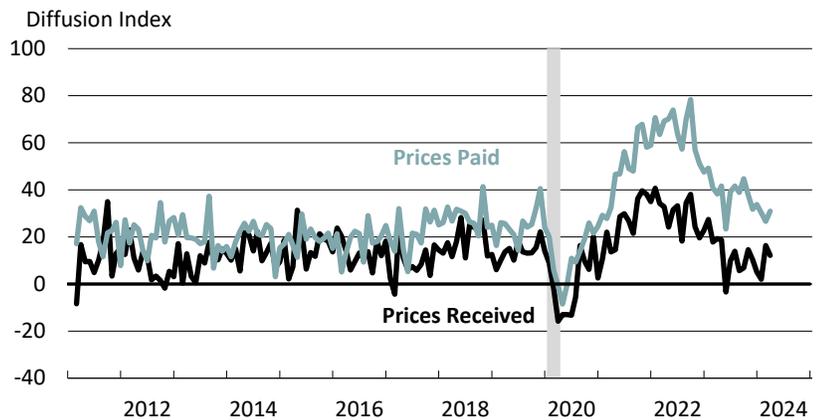
### Firms Anticipate Growth

The future general activity indexes continued to suggest that the firms expect growth over the next six months. The diffusion index for future general activity at the firm level rose 16 points to 37.8 in April (see Chart 1). More than 52 percent of the firms expect an increase in activity at their firms over the next six months, 15 percent expect decreases, and 31 percent of the firms expect no change. The future regional activity index was little changed at 10.8.

### Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest an overall increase in nonmanufacturing activity this month. The indicators for firm-level general activity, new orders, and sales/revenues all

**Chart 2. Current Prices Paid and Prices Received Indexes**  
January 2011 to April 2024



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

rose and were positive this month. The full- and part-time employment indexes suggest overall increases in employment. Both price indexes continue to indicate overall price increases. On balance, the firms continue to expect growth over the next six months. ■

| NONMANUFACTURING<br>BUSINESS OUTLOOK SURVEY<br>April 2024            | April vs. March                |          |              |          |                    | Six Months from Now vs. April  |          |              |          |                    |
|--|--------------------------------|----------|--------------|----------|--------------------|--|----------|--------------|----------|--------------------|
|  | Previous<br>Diffusion<br>Index | Increase | No<br>Change | Decrease | Diffusion<br>Index | Previous<br>Diffusion<br>Index   | Increase | No<br>Change | Decrease | Diffusion<br>Index |
| What is your assessment of general business activity for the region? | -18.3                          | 23.7     | 35.6         | 36.1     | -12.4              | 10.0   | 40.3     | 28.0         | 29.4     | 10.8               |
| What is your assessment of general business activity for your firm?  | -2.3                           | 44.0     | 28.6         | 25.6     | 18.4               | 21.7   | 52.3     | 31.4         | 14.5     | 37.8               |
| <b>Company Business Indicators</b>                                   |                                |          |              |          |                    |  |          |              |          |                    |
| New Orders   | -3.9                           | 28.1     | 18.7         | 21.7     | 6.5                | <b>NOTES:</b><br><br>(1) Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease.<br><br>(2) All data are seasonally adjusted.<br><br>(3) Percentages may not sum to 100 because of rounding, omission by respondents, or both.<br><br>(4) Survey results reflect data received through April 18, 2024. |          |              |          |                    |
| Sales or Revenues  | 0.2                            | 34.2     | 38.1         | 25.5     | 8.7                |  |          |              |          |                    |
| Unfilled Orders  | -3.4                           | 7.1      | 31.1         | 3.9      | 3.2                |  |          |              |          |                    |
| Inventories  | -5.3                           | 9.3      | 31.7         | 1.1      | 8.2                |  |          |              |          |                    |
| Prices Paid  | 26.6                           | 35.1     | 53.3         | 4.0      | 31.0               |  |          |              |          |                    |
| Prices Received  | 16.3                           | 17.6     | 67.2         | 5.3      | 12.2               |  |          |              |          |                    |
| Number of Employees – Full-Time Permanent                            | 3.5                            | 25.6     | 55.3         | 14.6     | 11.0               |  |          |              |          |                    |
| Number of Employees – Part-Time, Temporary, and Contract             | -6.9                           | 18.0     | 58.1         | 13.5     | 4.5                |  |          |              |          |                    |
| Average Employee Workweek  | 1.6                            | 16.7     | 59.6         | 21.3     | -4.6               |  |          |              |          |                    |
| Wage and Benefit Costs   | 35.3                           | 28.4     | 68.5         | 0.9      | 27.4               |  |          |              |          |                    |
| Capital Expenditures – Physical Plant                                | 1.2                            | 9.7      | 50.3         | 14.3     | -4.6               |  |          |              |          |                    |
| Capital Expenditures – Equipment & Software                          | 8.6                            | 18.0     | 53.8         | 14.0     | 4.0                |  |          |              |          |                    |

| Special Questions (April 2024)  |             |
|---|-------------|
| 1. How have wages and compensation changed at your firm over the past three months? |             |
|   | Percent (%) |
| Increased   | 50.0        |
| No change   | 38.1        |
| Decreased   | 11.9        |

| 2. Since the beginning of the year, have you adjusted your budget for wages and compensation for 2024?* |             |
|---|-------------|
|   | Percent (%) |
| Yes, and we are planning to increase wages and compensation by more than originally planned.            | 8.9         |
| Yes, and we are planning to increase wages and compensation sooner than originally planned.             | 8.9         |
| No, we have not needed to make adjustments.   | 68.9        |
| Other   | 8.9         |

\*Percentages do not sum to 100 because more than one option could be selected.

| 3. What percentage change in costs do you now expect for the following categories over all of 2024?** |             |                     |                    |             |                 |                    |  |
|---|-------------|---------------------|--------------------|-------------|-----------------|--------------------|--|
|   | Energy      | Other Raw Materials | Intermediate Goods | Wages       | Health Benefits | Nonhealth Benefits | Wages + Health Benefits + Nonhealth Benefits |
|   | (%)         | (%)                 | (%)                | (%)         | (%)             | (%)                | (%)  |
| Decline of more than 1%   | 3.1         | 4.5                 | 4.8                | 0.0         | 5.9             | 0.0                | 3.1  |
| No change   | 28.1        | 31.8                | 23.8               | 15.2        | 11.8            | 46.7               | 9.4  |
| Increase of 1–2%  | 12.5        | 9.1                 | 14.3               | 9.1         | 8.8             | 6.7                | 12.5   |
| Increase of 2–3%  | 9.4         | 9.1                 | 14.3               | 15.2        | 8.8             | 10.0               | 9.4  |
| Increase of 3–4%  | 6.3         | 0.0                 | 14.3               | 18.2        | 8.8             | 10.0               | 6.3  |
| Increase of 4–5%  | 9.4         | 9.1                 | 19.0               | 21.2        | 14.7            | 3.3                | 12.5   |
| Increase of 5–7.5%  | 15.6        | 18.2                | 4.8                | 12.1        | 23.5            | 13.3               | 21.9   |
| Increase of 7.5–10%   | 12.5        | 4.5                 | 4.8                | 0.0         | 2.9             | 3.3                | 15.6   |
| Increase of 10–12.5%  | 0.0         | 9.1                 | 0.0                | 6.1         | 11.8            | 3.3                | 3.1  |
| Increase of more than 12.5%   | 3.1         | 4.5                 | 0.0                | 3.0         | 2.9             | 3.3                | 6.3  |
| <b>Median Expected Change</b>   | <b>2–3%</b> | <b>2–3%</b>         | <b>2–3%</b>        | <b>3–4%</b> | <b>4–5%</b>     | <b>1–2%</b>        | <b>4–5%</b>                                  |
| Median Expected Change (July 2023)  | 2–3%        | 2–3%                | 2–3%               | 3–4%        | 5–7.5%          | 2–3%               | 4–5%   |

\*\*The firms responded to more detailed changes than shown in the provided ranges.