



August 2024

*Note: Survey responses were collected from August 5 to August 15.*

Nonmanufacturing activity improved somewhat but remained weak, according to the firms responding to the August *Nonmanufacturing Business Outlook Survey*. After negative readings last month, the indexes for general activity at the firm level and sales/revenues turned positive but are below their respective long-run averages, and the new orders index rose to a near-zero reading. The firms continued to report a decline in full-time employment, on balance. Both price indexes continued to indicate overall increases in prices but remain near their long-run averages. The respondents continue to expect growth over the next six months at their own firms, but expectations are subdued.

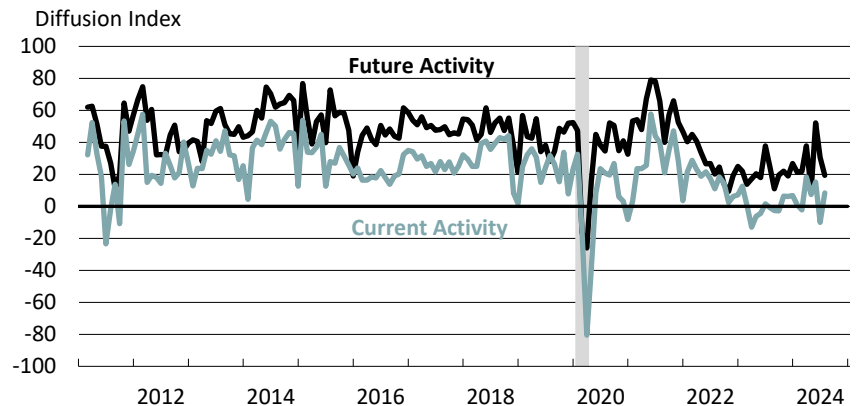
#### Most Current Indicators Improve but Remain Low

The diffusion index for current general activity at the firm level rose from -10.0 to 8.3 in August, recovering most of its decline from last month (see Chart). Almost 37 percent of the firms reported increases in activity (up from 21 percent last month), 29 percent reported decreases (down from 31 percent), and 30 percent reported no change (down from 44 percent). The new orders index rose to a near-flat reading of -0.3. After turning negative last month, the sales/revenues index rose 10 points to 6.8. The current regional activity index decreased 6 points to -25.1.

#### Firms Report Overall Declines in Full-Time Employment

The full-time employment index fell 10 points to -14.9, its second consecutive negative reading and lowest reading since May 2020. Most firms (53 percent) reported no change, while the share of firms reporting decreases in full-time employment (28 percent) exceeded the share reporting increases (13 percent). The part-time employment index edged down from 4.0 to -0.5, and the average workweek index ticked up to 2.1, following a slight negative reading last month.

**Chart. Current and Future General Activity Indexes**  
January 2011 to August 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.*

#### Price Indexes Near Long-Run Averages

Price indicators suggest increases in prices for inputs and the firms' own goods and services overall. The prices paid index was essentially unchanged at 30.0 this month. More than 35 percent of the firms reported increases in input prices, while 5 percent reported decreases; 47 percent reported steady prices. Regarding prices for the firms' own goods and services, the prices received index declined from 13.9 to 9.8. Most of the firms (63 percent) reported no change in prices received, while the share reporting increases (20 percent) exceeded the share reporting decreases (10 percent).

#### Firms Expect Own Price Increases to Lag Inflation

In this month's special questions, the firms were asked to forecast the changes in prices of their own products and for U.S. consumers over the next four quarters (see Special Questions). Regarding their own prices, the firms' median forecast was for an increase of 2.0 percent, unchanged from when the question was last asked in May. The firms' reported own price change over the past year was 2.0 percent, down from 2.5 percent in May. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 4.0 percent over the next four quarters, up from

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3.0 percent. When asked about the rate of inflation for U.S. consumers over the next year, the firms’ median forecast was unchanged at 3.0 percent.

Future Indicators Decline

The future activity indexes suggest that firms continue to expect overall growth at their own firms but expect regional activity conditions to decline over the next six months. The diffusion index for future activity at the firm level declined for a second consecutive month but remained positive at 19.4 (see Chart). Nearly 45 percent of the firms expect increases in future activity at their firms, 26 percent expect decreases, and 30 percent expect no change. The future regional activity index fell sharply from 19.7 to -9.0.

Summary

Responses to this month’s *Nonmanufacturing Business Outlook Survey* suggest some improvement among firms in the region. The indicators for firm-level general activity and sales/revenues returned to positive territory, while the new orders index was flat. The index for full-time employment suggests overall declines in employment. The firms continue to expect growth over the next six months, but expectations were less widespread. ■

Special Questions (August 2024)		
Please list the annual percent change with respect to the following:		
	Current	Previous (May 2024)
For your firm:		
Forecast for next year (2024Q3–2025Q3)		
1. Prices your firm will receive (for its own goods and services sold).	2.0	2.0
2. Compensation your firm will pay per employee (for wages and benefits).	4.0	3.0
Last year's price change (2023Q3–2024Q3)		
3. Prices your firm did receive (for its own goods and services sold) over the last year.	2.0	2.5
For U.S. consumers:		
4. Prices U.S. consumers will pay for goods and services over the next year.	3.0	3.0
5. Prices U.S. consumers will pay for goods and services over the next 10 years (2024–2033).	3.8	3.0
The numbers represent medians of the individual forecasts (percent changes). For question 5, firms reported a 10-year annual-average change.		

NONMANUFACTURING BUSINESS OUTLOOK SURVEY August 2024	August vs. July					Six Months from Now vs. August				
	Previous Diffusion Index	Increase	No Change	Decrease	Diffusion Index	Previous Diffusion Index	Increase	No Change	Decrease	Diffusion Index
What is your assessment of general business activity for the region?	-19.1	21.4	26.4	46.5	-25.1	19.7	31.5	24.4	40.5	-9.0
What is your assessment of general business activity for your firm?	-10.0	36.8	30.1	28.5	8.3	30.5	44.9	29.6	25.5	19.4
Company Business Indicators						<b>NOTES:</b>  (1) Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease.  (2) All data are seasonally adjusted.  (3) Percentages may not sum to 100 because of rounding, omission by respondents, or both.  (4) Survey results reflect data received through August 15, 2024.				
New Orders	-7.1	22.4	34.9	22.7	-0.3					
Sales or Revenues	-3.5	33.2	33.4	26.4	6.8					
Unfilled Orders	-1.9	2.9	44.2	5.7	-2.8					
Inventories	-1.5	3.9	16.8	6.2	-2.4					
Prices Paid	30.2	35.1	47.4	5.1	30.0					
Prices Received	13.9	19.5	62.5	9.7	9.8					
Number of Employees – Full-Time Permanent	-4.9	13.4	53.2	28.2	-14.9					
Number of Employees – Part-Time, Temporary, and Contract	4.0	13.8	59.6	14.3	-0.5					
Average Employee Workweek	-1.0	18.8	60.1	16.7	2.1					
Wage and Benefit Costs	29.8	35.1	51.3	5.0	30.1					
Capital Expenditures – Physical Plant	9.3	2.7	54.1	4.9	-2.2					
Capital Expenditures – Equipment & Software	10.8	19.2	59.0	4.2	15.0					