

Note: Survey responses were collected from September 9 to September 19.

Nonmanufacturing activity softened somewhat and remained weak, according to the firms responding to the September *Nonmanufacturing Business Outlook Survey*. The index for general activity at the firm level declined but remained positive. The new orders index remained negative and fell, while the sales/revenues index rose. On balance, the firms reported no change in full-time employment but an increase in part-time employment. Both price indexes declined but continued to indicate overall increases in prices. Expectations for growth over the next six months were more widespread both for firms and in the region.

Most Current Indicators Remain Low

The diffusion index for current general activity at the firm level declined from 8.3 to 1.5 in September, paring some of its increase from last month (see Chart 1). Almost 32 percent of the firms reported increases in activity, 30 percent reported decreases, and 39 percent reported no change. The new orders index fell from -0.3 to -17.8, its lowest reading since April 2023. Nearly 32 percent of the firms reported a decrease in new orders, while 14 percent reported an increase; 36 percent reported no change. The sales/revenues index rose 7 points to 13.5. The current regional activity index increased 19 points but remained negative at -6.1.

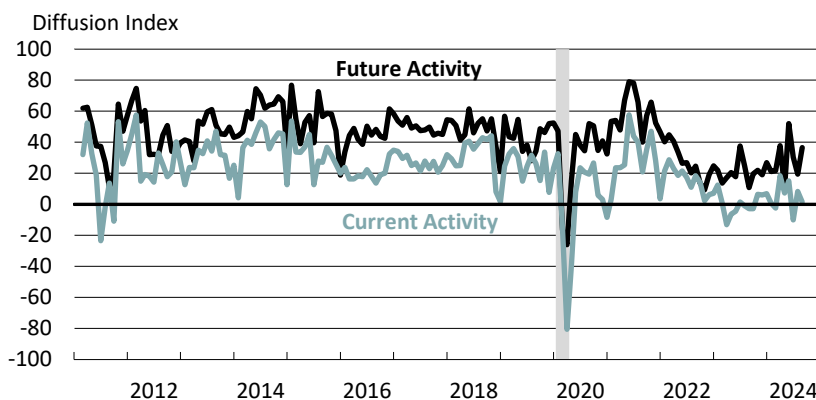
Firms Report No Change in Full-Time Employment, Rise in Part-Time Employment

The full-time employment index rose 15 points to 0.0, following two consecutive negative readings. Almost 62 percent of the firms reported no change, while an equal share of the firms (16 percent) reported increases and decreases in full-time employment. The part-time employment index rose from -0.5 to 16.1, its highest reading since March 2022. The average workweek index was little changed at 1.6.

Price Indexes Move Lower

Price indicators continue to suggest increases in prices for inputs and the firms' own goods and services overall. The

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

prices paid index declined from 30.0 to 19.5 this month, its lowest reading since October 2020 (see Chart 2). Nearly 23 percent of the firms reported increases in input prices, while 3 percent reported decreases; 64 percent reported steady prices. Regarding prices for the firms' own goods and services, the prices received index edged down from 9.8 to 6.2. Most of the firms (69 percent) reported no change in prices received, while the share reporting increases (15 percent) exceeded the share reporting decreases (8 percent).

Firms Report Higher Sales/Revenues on Balance

In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the third quarter ending this month compared with the second quarter of 2024; they were also asked about factors constraining business operations (see Special Questions on page 3). Forty-five percent of the firms reported expected increases in third-quarter sales/revenues (down from 63 percent for the second quarter), while 38 percent reported expected decreases (up from 19 percent). Over 68 percent of the firms reported labor supply as at least a slight constraint on business operations, comparable to 71 percent in June. Half of the firms reported financial capital as at least a slight constraint in the current quarter, up from 44 percent in June. Over the next three months, most of the

Released September 24, 2024, at 8:30 a.m. ET.
The next *Nonmanufacturing Business Outlook Survey* will be released on October 22, 2024.



firms expect the impacts of various factors to stay the same. However, while 15 percent of the firms expect labor supply impacts to worsen, 28 percent expect impacts to improve. The firms were evenly split (22 percent) on whether financial capital impacts would improve or worsen.

Future Indicators Rise

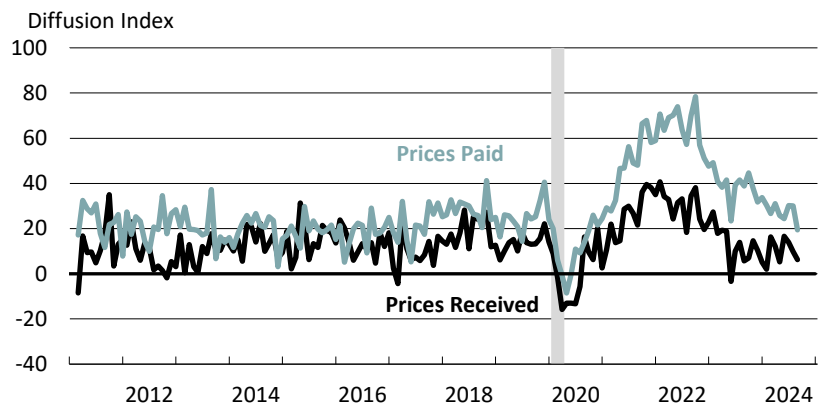
The future general activity indexes suggest more widespread expectations for growth over the next six months. The diffusion index for future activity at the firm level increased 17 points to 36.5 (see Chart 1). This followed two consecutive months of falling readings. Nearly 52 percent of the firms expect increases in future activity at their firms, 15 percent expect decreases, and 33 percent expect no change. The future regional activity index increased to 23.8, more than recovering its decline from last month.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest some softening among firms in the region. The indicator for firm-level general activity declined but remained positive. The new orders index declined and was negative, while the sales/revenues index rose. The index for full-time employment suggests no change in full-time

Chart 2. Current Prices Paid and Prices Received Indexes

January 2011 to September 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.

employment, and the part-time employment index rose. The firms continue to expect growth over the next six months, and expectations for growth were more widespread for both firms and the region. ■

| NONMANUFACTURING BUSINESS OUTLOOK SURVEY September 2024 | September vs. August | | | | | Six Months from Now vs. September | | | | |
|--|--------------------------------|----------|--------------|----------|--------------------|--|----------|--------------|----------|--------------------|
| | 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? | -25.1 | 25.0 | 39.6 | 31.1 | -6.1 | -9.0 | 45.0 | 33.4 | 21.2 | 23.8 |
| What is your assessment of general business activity for your firm? | 8.3 | 31.5 | 38.6 | 29.9 | 1.5 | 19.4 | 51.5 | 33.1 | 15.1 | 36.5 |
| Company Business Indicators | | | | | | | | | | |
| New Orders | -0.3 | 13.9 | 35.6 | 31.7 | -17.8 | NOTES: (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 September 19, 2024. | | | | |
| Sales or Revenues | 6.8 | 39.5 | 31.4 | 26.1 | 13.5 | | | | | |
| Unfilled Orders | -2.8 | 3.4 | 36.1 | 6.8 | -3.4 | | | | | |
| Inventories | -2.4 | 6.8 | 25.4 | 2.4 | 4.4 | | | | | |
| Prices Paid | 30.0 | 22.8 | 63.5 | 3.3 | 19.5 | | | | | |
| Prices Received | 9.8 | 14.6 | 68.6 | 8.3 | 6.2 | | | | | |
| Number of Employees – Full-Time Permanent | -14.9 | 15.9 | 61.9 | 15.9 | 0.0 | | | | | |
| Number of Employees – Part-Time, Temporary, and Contract | -0.5 | 18.9 | 71.5 | 2.8 | 16.1 | | | | | |
| Average Employee Workweek | 2.1 | 17.3 | 66.7 | 15.7 | 1.6 | | | | | |
| Wage and Benefit Costs | 30.1 | 39.8 | 53.0 | 5.2 | 34.6 | | | | | |
| Capital Expenditures – Physical Plant | -2.2 | 7.2 | 41.3 | 10.2 | -2.9 | | | | | |
| Capital Expenditures – Equipment & Software | 15.0 | 23.4 | 56.3 | 7.0 | 16.4 | | | | | |

NBOS SPECIAL QUESTIONS

| Special Questions (September 2024) | | |
|--|------------|---|
| 1. How will your firm’s total sales/revenues for the third quarter of 2024 compare with that of the second quarter of 2024 ? | | |
| An increase of: | % of firms | Subtotals |
| 10% or more | 5.0 | % of firms reporting an increase: 45.0 |
| 5–10% | 17.5 | |
| 0–5% | 22.5 | |
| No change | 17.5 | |
| A decline of: | | |
| 0–5% | 12.5 | % of firms reporting a decrease: 37.5 |
| 5–10% | 0.0 | |
| 10% or more | 25.0 | |

| | 2. In the current quarter , to what degree have the following factors acted as constraints on business operations? | | | | 3. Over the next three months , how do you expect the impacts of the following factors as constraints on business operations to change? | | |
|------------------------------|---|--------------|----------------|-------------------|--|-------------------|-------------|
| | Not at all (%) | Slightly (%) | Moderately (%) | Significantly (%) | Worsen (%) | Stay the same (%) | Improve (%) |
| COVID-19 mitigation measures | 94.9 | 2.6 | 2.6 | 0.0 | 11.8 | 85.3 | 2.9 |
| Energy markets | 63.4 | 22.0 | 7.3 | 7.3 | 23.1 | 71.8 | 5.1 |
| Financial capital | 50.0 | 14.3 | 21.4 | 14.3 | 22.0 | 56.1 | 22.0 |
| Labor supply | 31.7 | 36.6 | 24.4 | 7.3 | 15.0 | 57.5 | 27.5 |
| Supply chains | 65.0 | 25.0 | 7.5 | 2.5 | 21.1 | 71.1 | 7.9 |
| Other factors | 72.0 | 4.0 | 8.0 | 16.0 | 12.5 | 79.2 | 8.3 |

