



December 2024

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

Nonmanufacturing activity remained weak, according to the firms responding to the December *Nonmanufacturing Business Outlook Survey*. The indexes for general activity, sales/revenues, and new orders were little changed from last month and remained low. On balance, the firms continued to report increases in employment; however, the indexes for full- and part-time employment declined. Both price indexes rose and indicate overall increases in prices. The respondents remained optimistic about growth over the next six months both for their firms and in the region.

Most Current Indicators Remain Low

The diffusion index for current general activity at the firm level edged up from 2.0 to 3.9 in December (see Chart 1). Over 40 percent of the firms reported increases in activity, 36 percent reported decreases, and 24 percent reported no change. The new orders index edged down 2 points to -6.1. More than 32 percent of the firms reported a decrease in new orders, exceeding the 26 percent that reported an increase; 22 percent reported no change. The sales/revenues index ticked down to 1.8, its lowest reading since July. The current regional activity index was essentially unchanged at -6.0.

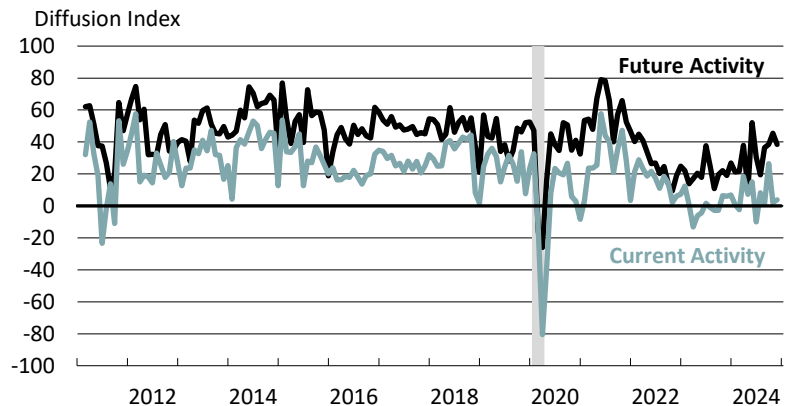
Employment Indexes Remain Positive

The full-time employment index moved down 2 points to 3.5, its second consecutive decline. Almost 63 percent of the firms reported no change, while the share of the firms reporting increases (17 percent) slightly exceeded the share reporting decreases (13 percent). The part-time employment index declined from 11.7 to 8.9. The average workweek index ticked up from 4.7 to 5.9.

Price Indexes Move Higher

Price indicators suggest increases in prices for inputs and the firms' own goods and services overall. After declining 13 points last month, the prices paid index rose 8 points to 30.9 this month (see Chart 2). Almost 41 percent of the firms reported increases in input prices, while 10 percent reported

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

decreases; 35 percent reported steady prices. Regarding prices for the firms' own goods and services, the prices received index rose from 0.5 to 24.0, recovering its decline from last month. More than half of the firms (53 percent) reported no change in prices received, while the share reporting increases (32 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 fourth quarter ending this month compared with the third quarter of 2024; they were also asked about factors constraining business operations (see Special Questions on page 3). Almost 56 percent of the firms reported expected increases in fourth-quarter sales/revenues (up from 45 percent for the third quarter), while 28 percent reported expected decreases (down from 38 percent).

Over 55 percent of the firms reported labor supply as at least a slight constraint on business operations, down from 68 percent

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The next *Nonmanufacturing Business Outlook Survey* will be released on January 21, 2025.

The survey's annual revisions, which incorporate new seasonal adjustment factors, will be released on January 14, 2025.

when this question was last asked in September. Nearly 49 percent of the firms reported financial capital as at least a slight constraint in the current quarter, little changed from September. Looking ahead over the next three months, most of the firms expect the impacts of various factors to stay the same. Nearly 9 percent of the firms expect labor supply impacts to improve, down from 28 percent in September, while 80 percent expect impacts to stay the same (up from 58 percent). The share of firms expecting impacts of financial capital to improve (42 percent) was higher than when this question was asked in September (22 percent).

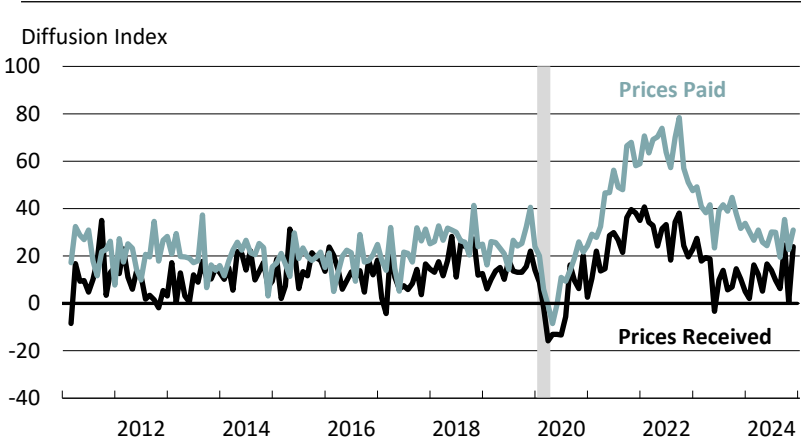
Firms Remain Optimistic

The future general activity indexes suggest expectations remain widespread for growth over the next six months. The diffusion index for future activity at the firm level decreased 7 points to 38.5, undoing its increase last month (see Chart 1). Nearly 57 percent of the firms expect increases in future activity at their firms, 18 percent expect decreases, and 19 percent expect no change. The future regional activity index moved up 1 point to 48.8.

Summary

Responses to this month’s *Nonmanufacturing Business Outlook Survey* suggest nonmanufacturing activity remained

Chart 2. Current Prices Paid and Prices Received Indexes
January 2011 to December 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.

weak in the region. The indicators for firm-level general activity and sales/revenues remained positive but low, and the new orders index remained negative. The firms continued to report overall increases in employment, although both employment indexes edged down. The firms continue to expect growth over the next six months. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY December 2024	December vs. November					Six Months from Now vs. December				
	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?	-5.9	21.3	47.8	27.3	-6.0	47.6	57.4	27.0	8.6	48.8
What is your assessment of general business activity for your firm?	2.0	40.1	23.5	36.2	3.9	45.5	56.9	18.9	18.3	38.5
Company Business Indicators										
New Orders	-4.3	26.2	21.8	32.2	-6.1	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 December 19, 2024.				
Sales or Revenues	3.1	34.1	30.7	32.3	1.8					
Unfilled Orders	3.6	7.0	31.3	1.5	5.5					
Inventories	-1.5	4.4	18.2	9.8	-5.4					
Prices Paid	22.7	40.5	35.1	9.6	30.9					
Prices Received	0.5	31.8	52.8	7.7	24.0					
Number of Employees – Full-Time Permanent	5.4	16.6	62.5	13.2	3.5					
Number of Employees – Part-Time, Temporary, and Contract	11.7	13.4	73.8	4.5	8.9					
Average Employee Workweek	4.7	17.2	69.5	11.3	5.9					
Wage and Benefit Costs	30.5	43.2	53.1	0.0	43.2					
Capital Expenditures – Physical Plant	9.6	16.7	51.3	1.5	15.2					
Capital Expenditures – Equipment & Software	23.0	22.9	62.1	1.1	21.8					

Special Questions (December 2024)		
1. How will your firm's total sales/revenues for the fourth quarter of 2024 compare with that of the third quarter of 2024 ?		
An increase of:	% of firms	Subtotals
10% or more	16.3	% of firms reporting an increase: 55.8
5–10%	11.6	
0–5%	27.9	
No change	16.3	
A decline of:		
0–5%	14.0	% of firms reporting a decrease: 27.9
5–10%	4.7	
10% or more	9.3	

	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	95.8	2.1	2.1	0.0	5.4	86.5	8.1
Energy markets	68.1	27.7	4.3	0.0	7.0	72.1	20.9
Financial capital	51.1	31.9	12.8	4.3	4.4	53.3	42.2
Labor supply	44.7	29.8	21.3	4.3	11.1	80.0	8.9
Supply chains	64.6	29.2	2.1	4.2	14.3	73.8	11.9
Other factors	67.9	7.1	10.7	14.3	3.8	84.6	11.5