

Note: Survey responses were collected from April 7 to April 17.

Nonmanufacturing activity in the region continued to decline 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 remained negative. The firms continued to report overall declines in full-time employment. The prices paid index rose again, while the prices received index fell to essentially zero. The firms remained pessimistic and continue to expect declines in activity over the next six months at their own firms and in the region.

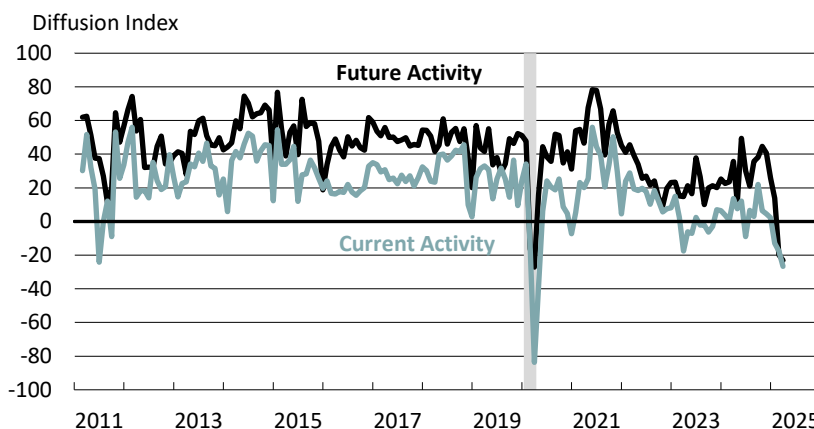
Current Indicators Remain Negative

The diffusion index for current general activity at the firm level decreased from -17.5 to -26.7 this month, its third consecutive negative reading and lowest reading since May 2020 (see Chart 1). Just over half of the firms reported decreases, while 23 percent reported increases; 27 percent reported no change in activity. The new orders and sales/revenues indexes also remained negative this month but moved in different directions. The new orders index rose 13 points to -6.9. The share of firms reporting decreases in new orders (36 percent) exceeded the share reporting increases (29 percent). The sales/revenues index decreased 3 points to -7.8. Over 49 percent of the firms reported decreases in sales/revenues, 41 percent reported increases, only 8 percent reported no change. The regional activity index fell 10 points to -42.7, its lowest reading since May 2020.

Firms Report Overall Declines in Employment

The full-time employment index, which had turned negative last month, was essentially unchanged at -7.2 this month. Almost 21 percent of the firms reported decreases in full-time employment, while 13 percent reported increases; over 57 percent reported no change. The part-time employment index declined from 3.5 to -7.9, its first negative reading since January. The share of firms reporting decreases (17 percent) exceeded the share reporting increases (9 percent); 58 percent reported steady part-time employment. The average workweek index also turned negative, falling 8 points to -6.2.

Chart 1. Current and Future General Activity Indexes
January 2011 to April 2025



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 Remains Elevated

Price indicator readings suggest continued increases in input prices and steady prices for the firms' own goods and services this month. The prices paid index rose from 36.0 to 46.5, its highest reading since February 2023 (see Chart 2). Almost 54 percent of the respondents reported higher input prices, while 7 percent reported decreases; 29 percent reported no change. Regarding prices for the firms' own goods and services, the prices received index declined from 8.4 to -0.1, its third near-zero reading in four months. Nearly identical shares of firms reported increases and decreases in their own prices (18 percent), and 58 percent of the firms 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 in the past three months as well as their expected changes to various input and labor costs for 2025 (see Special Questions on page 3). Almost 37 percent of the firms indicated wages and compensation costs had increased in the past three months, 58 percent reported no change, and 6 percent reported decreases. Forty-nine percent of the firms reported that they plan to increase wages and compensation for

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The next *Nonmanufacturing Business Outlook Survey* will be released on May 20, 2025.

2025, 41 percent indicated they have not made any changes, and 10 percent reported they plan to decrease wages and compensation. The firms still expect higher costs across most expense categories in 2025. The responses indicate a median expected increase of 2 to 4 percent in wages, little changed from when this question was last asked in January. Although the firms now expect somewhat smaller increases in costs for health benefits, nonhealth benefits, and total compensation (wages plus benefits) than when asked in January, expectations for increases in other raw materials and intermediate goods costs moved higher.

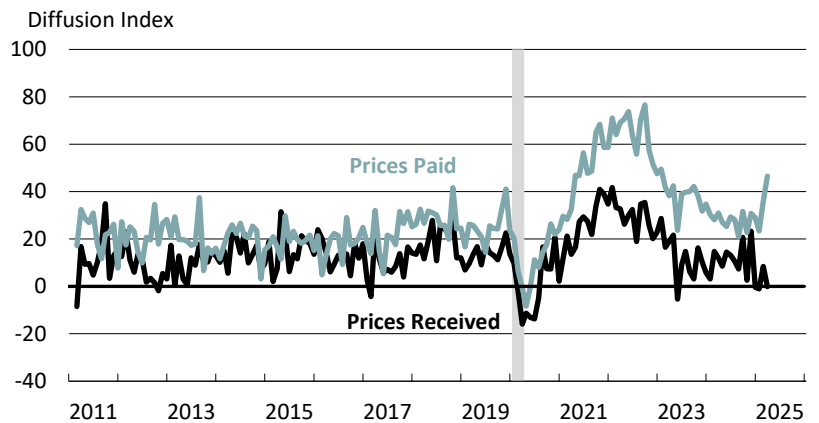
Firms Remain Pessimistic

The future general activity indexes continued to suggest firms expect declines in the next six months. The index for future general activity at the firm level, which had turned negative last month for the first time since April 2020, declined 3 points to -23.0 (see Chart 1). Over 45 percent of the firms expect a decrease in activity at their firms over the next six months, 22 percent expect increases, and 29 percent of the firms expect no change. The future regional activity index decreased from -24.0 to -31.8, its lowest reading since April 2020.

Summary

Responses to this month's *Nonmanufacturing Business*

Chart 2. Current Prices Paid and Prices Received Indexes
January 2011 to April 2025



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.

Outlook Survey suggest continued declines overall in nonmanufacturing activity in the region. The indicators for firm-level general activity, new orders, and sales/revenues remained negative. The full-time employment index continued to suggest overall decreases in full-time employment. Price indexes indicated overall increases in prices paid and steady prices received. On balance, the firms continue to expect declines in activity over the next six months. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY April 2025	April vs. March					Six Months from Now vs. April				
	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?	-32.5	11.1	24.7	53.8	-42.7	-24.0	23.0	17.3	54.8	-31.8
What is your assessment of general business activity for your firm?	-17.5	23.3	26.6	50.1	-26.7	-19.8	22.2	29.1	45.1	-23.0
Company Business Indicators										
New Orders	-19.5	28.8	15.7	35.7	-6.9	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 April 17, 2025.				
Sales or Revenues	-4.7	41.3	8.3	49.1	-7.8					
Unfilled Orders	-6.5	5.7	20.0	18.9	-13.1					
Inventories	-2.8	3.2	13.7	14.9	-11.7					
Prices Paid	36.0	53.6	28.5	7.1	46.5					
Prices Received	8.4	18.2	57.5	18.4	-0.1					
Number of Employees – Full-Time Permanent	-7.5	13.4	57.2	20.6	-7.2					
Number of Employees – Part-Time, Temporary, and Contract	3.5	9.2	58.0	17.1	-7.9					
Average Employee Workweek	1.5	10.2	69.4	16.4	-6.2					
Wage and Benefit Costs	21.6	41.7	48.3	4.4	37.3					
Capital Expenditures – Physical Plant	2.1	12.0	38.4	16.2	-4.2					
Capital Expenditures – Equipment & Software	1.4	21.1	49.1	14.8	6.3					

Special Questions (April 2025)
1. How have wages and compensation changed at your firm over the past three months?

	Percent (%)
Increased	36.5
No change	57.7
Decreased	5.8

2. Since the beginning of the year, have you adjusted your budget for wages and compensation for 2025?

	Percent (%)
Yes, and we are planning to increase wage rates and compensation packages.	49.0
Yes, and we are planning to decrease wage rates and compensation packages.	10.2
No, we have not made changes to wage rates and compensation packages.	40.8

3. What percentage change in costs do you now expect for the following categories over all of 2025?*

	Energy	Other Raw Materials	Intermediate Goods	Wages	Health Benefits	Nonhealth Benefits	Wages + Health Benefits + Nonhealth Benefits
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Decline of more than 1%	21.1	0.0	0.0	4.8	2.4	2.9	7.7
No change	21.1	16.7	13.6	21.4	19.5	48.6	12.8
Increase of 1–2%	15.8	8.3	9.1	0.0	9.8	8.6	2.6
Increase of 2–3%	7.9	12.5	13.6	23.8	4.9	22.9	7.7
Increase of 3–4%	7.9	25.0	36.4	35.7	9.8	11.4	30.8
Increase of 4–5%	7.9	16.7	4.5	2.4	12.2	0.0	7.7
Increase of 5–7.5%	7.9	0.0	0.0	9.5	14.6	0.0	12.8
Increase of 7.5–10%	0.0	8.3	4.5	2.4	12.2	0.0	5.1
Increase of 10–12.5%	5.3	4.2	0.0	0.0	7.3	2.9	7.7
Increase of more than 12.5%	5.3	8.3	18.2	0.0	7.3	2.9	5.1
Median Expected Change	1–2%	3–4%	3–4%	2–4%	4–5%	-1–1%	3–4%
Median Expected Change (Jan. 2025)	1–2%	1–2%	1–2%	3–4%	5–7.5%	2–3%	4–5%

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