

July 2025

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

Nonmanufacturing activity in the region expanded overall this month, according to the firms responding to the July *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level and new orders rose and turned positive, while the sales/revenues index increased further. The firms reported overall increases in full-time employment. Both price indexes rose and indicated overall increases in prices. The firms continued to expect growth in activity over the next six months at their own firms.

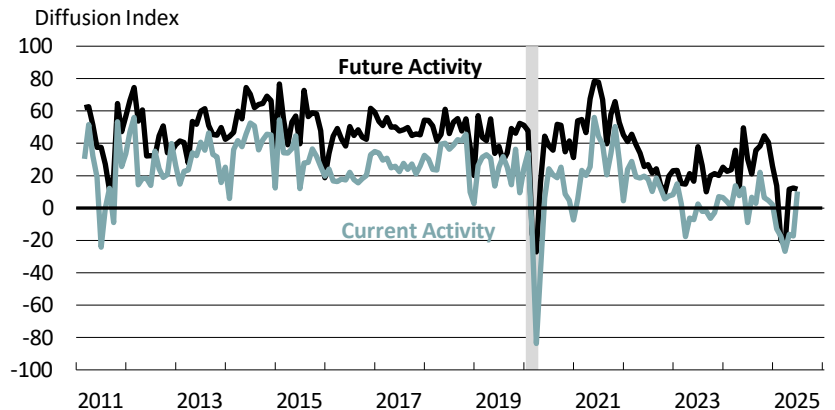
Current Indicators Are Positive

The diffusion index for current general activity at the firm level increased from -17.3 to 10.2 this month, its first positive reading after five consecutive negative readings and its highest reading since October (see Chart 1). Almost 36 percent of the firms reported increases (up from 28 percent last month), while 26 percent reported decreases (down from 45 percent last month); 36 percent reported no change in activity (up from 26 percent last month). Both the new orders and sales/revenues indexes recorded their highest readings since October. The new orders index rose 30 points to 9.7. The share of firms reporting increases in new orders (33 percent) exceeded the share reporting decreases (23 percent). The sales/revenues index rose 8 points to 11.8. Over 37 percent of the firms reported increases in sales/revenues, 26 percent reported decreases, and 33 percent reported no change. The regional activity index increased 15 points but remained negative at -10.3, its highest reading since January.

Most Firms Report Steady Employment

The full-time employment index, which turned negative last month, rose 6 points to 4.1 this month. More than 18 percent of the firms reported increases in full-time employment, while 14 percent reported decreases; almost 64 percent reported no change. The part-time employment index declined from 0.1 to -1.4. The share of firms reporting decreases (11 percent) narrowly exceeded the share reporting increases (10 percent); 75 percent reported steady

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

part-time employment. The average workweek index moved up 4 points to 12.5.

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 rose 3 points to 32.5 (see Chart 2). More than 35 percent of the respondents reported higher input prices, while 3 percent reported decreases; 51 percent reported no change. Regarding prices for the firms' own goods and services, the prices received index increased 10 points to 12.4, its highest reading since December and just below its long-run average. More than 16 percent of the firms reported increases in their own prices, 4 percent reported decreases, and 73 percent of the firms reported no change.

Firms Continue to Expect Increases in 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). More than 36 percent of the firms indicated wages and compensation costs had increased in the past three months, 59 percent reported no change, and 5 percent reported decreases. More than 37

Released July 22, 2025, at 8:30 a.m. ET.

The next *Nonmanufacturing Business Outlook Survey* will be released on August 26, 2025.

percent of the firms reported that they plan to increase wage rates and compensation packages for 2025, 56 percent indicated they have not made any changes, and 7 percent reported they plan to decrease wage rates and compensation packages. The firms still expect higher costs across all expense categories in 2025. The responses indicate a median expected increase of 2 to 3 percent in wages, little changed from when this question was last asked in April. The firms now expect higher increases in costs for health and nonhealth benefits than when the question was asked in April, while expectations for increased costs for other raw materials and intermediate goods moved down.

Firms Anticipate Growth at Their Own Firms

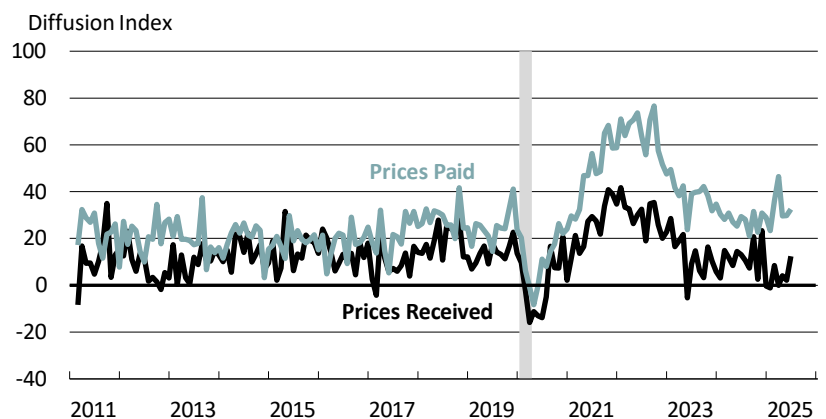
The index for future general activity at the firm level ticked down 1 point to 11.7 (see Chart 1). Thirty-nine percent of the firms expect an increase in activity at their firms over the next six months, 27 percent expect decreases, and 34 percent of the firms expect no change. The future regional activity index remained negative but increased from -8.2 to -3.9.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest nonmanufacturing activity in the region expanded overall. The indicators for firm-level general

Chart 2. Current Prices Paid and Prices Received Indexes

January 2011 to July 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.

activity and new orders turned positive, and the sales/revenues index increased further. The full-time employment index returned to positive territory. Price indexes indicated overall increases in both prices paid and prices received. The respondents continue to expect increases in activity at their own firms over the next six months. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY July 2025	July vs. June					Six Months from Now vs. July				
	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?	-25.0	24.1	41.4	34.4	-10.3	-8.2	31.9	30.4	35.8	-3.9
What is your assessment of general business activity for your firm?	-17.3	35.9	35.7	25.7	10.2	12.3	39.0	33.5	27.3	11.7
Company Business Indicators						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 July 17, 2025.				
New Orders	-20.1	32.8	28.1	23.1	9.7					
Sales or Revenues	3.4	37.3	33.0	25.6	11.8					
Unfilled Orders	-5.8	11.7	35.6	8.3	3.4					
Inventories	3.8	7.2	30.5	4.3	2.9					
Prices Paid	29.7	35.1	50.5	2.5	32.5					
Prices Received	2.2	16.4	73.1	4.0	12.4					
Number of Employees – Full-Time Permanent	-2.1	18.1	63.6	14.0	4.1					
Number of Employees – Part-Time, Temporary, and Contract	0.1	9.9	74.6	11.3	-1.4					
Average Employee Workweek	9.0	17.7	73.3	5.2	12.5					
Wage and Benefit Costs	25.7	34.5	54.5	4.6	29.9					
Capital Expenditures – Physical Plant	6.5	11.2	47.8	8.6	2.6					
Capital Expenditures – Equipment & Software	17.3	16.4	55.6	9.1	7.3					



Special Questions (July 2025)

1. How have wages and compensation changed at your firm over the past three months?

	Percent (%)
Increased	36.4
No change	59.1
Decreased	4.5

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.	37.2
Yes, and we are planning to decrease wage rates and compensation packages.	7.0
No, we have not made changes to wage rates and compensation packages.	55.8

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%	21.6	8.0	0.0	5.3	0.0	5.9	5.4
No change	21.6	28.0	25.0	18.4	20.0	38.2	13.5
Increase of 1–2%	13.5	8.0	10.0	2.6	5.0	11.8	8.1
Increase of 2–3%	10.8	16.0	15.0	23.7	2.5	11.8	10.8
Increase of 3–4%	5.4	12.0	20.0	21.1	2.5	11.8	13.5
Increase of 4–5%	5.4	8.0	5.0	23.7	7.5	11.8	21.6
Increase of 5–7.5%	8.1	0.0	0.0	2.6	17.5	2.9	8.1
Increase of 7.5–10%	8.1	4.0	10.0	0.0	27.5	5.9	5.4
Increase of 10–12.5%	2.7	8.0	5.0	0.0	7.5	0.0	8.1
Increase of more than 12.5%	2.7	8.0	10.0	2.6	10.0	0.0	5.4
Median Expected Change	1–2	2–3	2–3	2–3	5–7.5	1–2	3–4
Median Expected Change (April 2025)	1–2	3–4	3–4	2–4	4–5	-1–1	3–4

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