

October 2025

Note: Survey responses were collected from October 6 to October 16.

Nonmanufacturing activity in the region softened overall, according to the firms responding to the October *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, new orders, and sales/revenues fell, with the latter two turning negative. The firms reported an overall decrease in full-time employment. Both price indexes moved lower, but the prices paid index remained elevated. The respondents' expectations for growth over the next six months were mixed.

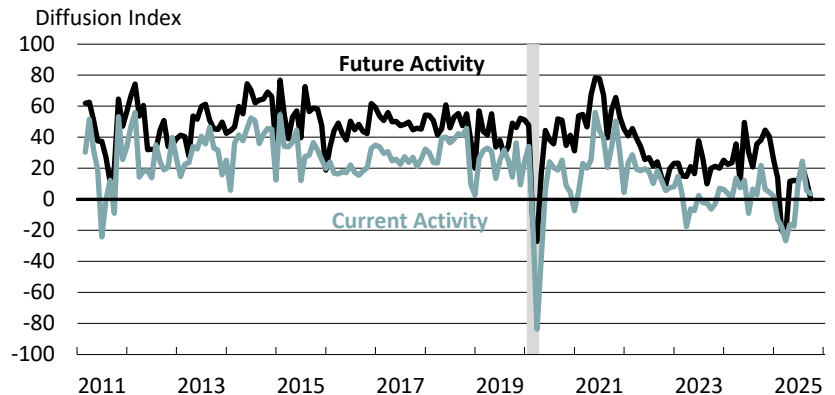
Most Current Indicators Soften

The diffusion index for current general activity at the firm level declined 2 points to 3.6 in October, following a larger drop in September (see Chart 1). More than 29 percent of the firms reported increases in activity, 26 percent reported decreases, and 43 percent reported no change. The new orders index fell 18 points to -17.4, its first negative reading since June. Almost 35 percent of the firms reported decreases this month (up from 32 percent last month), while 17 percent reported increases (down from 32 percent); 22 percent reported no change (up from 14 percent). The sales/revenues index also declined and turned negative, dropping 20 points to -2.4. This is the index's lowest reading since May. The current regional activity index declined 10 points to -22.2, its 12th consecutive negative reading.

Firms Report Overall Decreases in Full-Time Employment

The full-time employment index declined 14 points to -4.5, continuing its pattern of alternating between positive and negative readings. This was the index's lowest reading since April. Almost 20 percent of the firms reported decreases (up from 9 percent last month), while 15 percent reported increases (down from 19 percent); 62 percent of the firms reported no change (down from 66 percent). The part-time employment index rose for the first time in four months, climbing 8 points to 1.1. The average workweek index fell 12 points to -1.2, its first negative reading since May.

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

Firms Continue to Report Overall Price Increases

Price indicators suggest continued increases in prices for inputs and firms' own goods and services. The prices paid index decreased 3 points to 35.8 (see Chart 2). Over 38 percent of the firms reported increases in input prices, while 2 percent reported decreases; 42 percent reported steady input prices. Regarding prices for the firms' own goods and services, the prices received index declined 9 points to 12.9 following two months of elevated readings. Most of the firms (67 percent) reported no change in prices received, while the share reporting increases (20 percent) exceeded the share reporting decreases (7 percent).

Firms Expect Higher Capital Expenditures Overall Next Year

In this month's special question, nonmanufacturers were asked about their plans for different categories of capital spending for the upcoming year (see Special Question on page 3). Nearly 39 percent of the firms expect to increase their total capital spending next year, compared with 21 percent expecting to decrease total spending; 41 percent expect total spending to stay the same. When this question was asked last year, the same share of firms (29 percent) expected to either increase or decrease spending this year. On balance, the firms

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expect higher capital expenditures next year for software and computer and related hardware, and lower expenditures on energy-saving investments, other investments, structure, and noncomputer equipment.

Future Indicators Moved Lower

On balance, firms expected no change for growth over the next six months at the firm level and a decline in activity for the region. The diffusion index for future activity at the firm level fell 12 points to 0.2, its lowest reading since April (see Chart 1). Almost equal shares of firms (33 percent) expected activity to increase, decrease, or stay the same over the next six months. The future regional activity index declined 4 points to -12.3, its eighth negative reading in the last nine months.

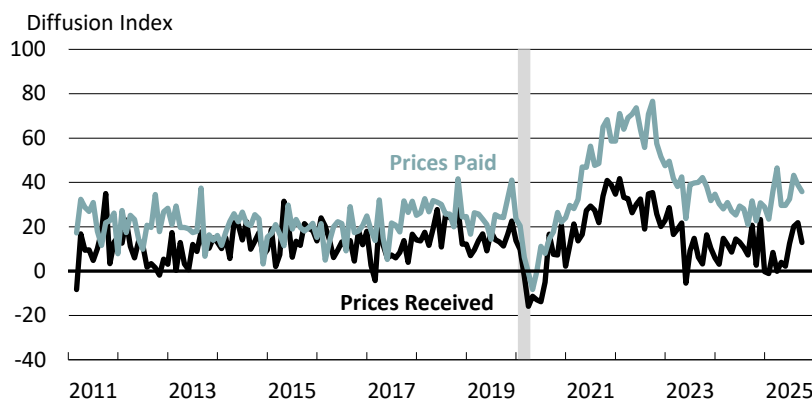
Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest nonmanufacturing activity softened overall in the region. The indicator for firm-level general activity fell but remained positive. Meanwhile, the new orders and sales/revenues indexes both turned negative. The firms reported an overall decrease in full-time employment

and continued increases in prices. On balance, the firms expect no change in activity at their own firms over the next six months. ■

Chart 2. Current Prices Paid and Prices Received Indexes

January 2011 to October 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.

NONMANUFACTURING BUSINESS OUTLOOK SURVEY October 2025	October vs. September					Six Months from Now vs. October				
	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?	-12.3	11.0	55.1	33.2	-22.2	-8.4	20.4	45.0	32.7	-12.3
What is your assessment of general business activity for your firm?	5.8	29.2	42.9	25.6	3.6	12.1	33.2	32.9	33.1	0.2
Company Business Indicators										
New Orders	0.5	17.1	22.2	34.5	-17.4	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 October 16, 2025.				
Sales or Revenues	17.9	30.8	34.6	33.2	-2.4					
Unfilled Orders	-1.8	7.8	32.1	4.8	3.0					
Inventories	5.2	3.5	27.3	3.0	0.5					
Prices Paid	38.8	38.1	41.6	2.3	35.8					
Prices Received	21.8	19.6	67.4	6.7	12.9					
Number of Employees – Full-Time Permanent	9.4	15.3	62.1	19.9	-4.5					
Number of Employees – Part-Time, Temporary, and Contract	-7.3	9.3	71.5	8.2	1.1					
Average Employee Workweek	10.5	12.0	74.7	13.3	-1.2					
Wage and Benefit Costs	28.7	42.1	53.1	3.8	38.3					
Capital Expenditures – Physical Plant	0.2	12.1	51.0	7.0	5.1					
Capital Expenditures – Equipment & Software	15.9	32.5	53.4	2.7	29.9					



Special Question (October 2025)

Comparing 2026 with 2025, do you expect capital expenditures to be higher, the same, or lower for each of the following categories?

	Higher (% of reporters)	Same (% of reporters)	Lower (% of reporters)	Diffusion Index
Software	47.9	37.5	14.6	33.3
Noncomputer equipment	17.0	63.8	19.1	-2.1
Energy-saving investments	13.5	59.5	27.0	-13.5
Computer and related hardware	37.5	45.8	16.7	20.8
Structure	22.5	47.5	30.0	-7.5
Other	8.7	73.9	17.4	-8.7
Total capital spending	38.6	40.9	20.5	18.2