



December 2025

Note: Survey responses were collected from December 8 to December 18.

Nonmanufacturing activity in the region softened overall, according to the firms responding to the December *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, new orders, and sales/revenues all moved down but remained positive. The firms reported an overall increase in full- and part-time employment. Both price indexes remained elevated, and the prices paid index increased further. The respondents' expectations for growth at their own firms over the next six months were more widespread this month.

Most Current Indicators Soften

The diffusion index for current general activity at the firm level fell 16 points to 4.3 in December, mostly undoing its increase from last month (see Chart 1). More than 36 percent of the firms reported increases in activity (down from 44 percent last month), 32 percent reported decreases (up from 24 percent), and 24 percent reported no change (down from 28 percent). The new orders index declined 3 points to 3.2. Almost 28 percent of the firms reported increases, 25 percent reported decreases, and 21 percent reported no change. The sales/revenues index edged down 2 points to 15.3, slightly below its long-run average. The current regional activity index remained largely unchanged at -16.8.

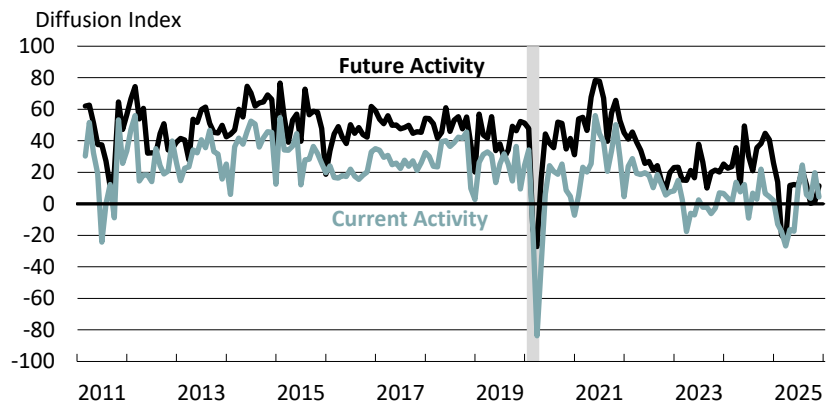
Firms Report Overall Increases in Employment

The full-time employment index rose 7 points to 9.6, its highest reading since May. More than 23 percent of the firms reported increases, while 14 percent reported decreases; 60 percent of the firms reported no change. The part-time employment index jumped from -0.6 to 17.5, its highest reading since March 2022. The average workweek index fell 3 points to 10.5.

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 rose 6 points to 40.3, its highest reading since August (see Chart 2). More than 45 percent of the firms reported

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

increases in input prices, while 5 percent reported decreases; 35 percent reported steady prices. Regarding prices for the firms' own goods and services, the prices received index moved down 3 points to 19.0. Most of the firms (58 percent) reported no change in prices received, while the share reporting increases (29 percent) exceeded the share reporting decreases (9 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 2025; they were also asked about factors constraining business operations and capital expenditure plans (see Special Questions on page 3). Just over 56 percent of the firms expected increases in fourth-quarter sales, while more than 29 percent expected decreases.

In the current quarter, nearly 89 percent of the firms reported uncertainty as at least a slight constraint on business

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The next *Nonmanufacturing Business Outlook Survey* will be released on January 20, 2026.

The survey's annual revisions, which incorporate new seasonal adjustment factors, will be released on January 13, 2026.

operations, with 30 percent of the firms reporting it as a significant constraint. Labor supply was cited by more than 63 percent of the firms as at least a slight constraint. Looking ahead over the next three months, most of the firms expect labor supply and supply chain impacts to stay the same. However, 45 percent of the firms expect the impact of uncertainty to worsen, and 34 percent expect the impact of energy markets to improve.

Expectations Are Mixed

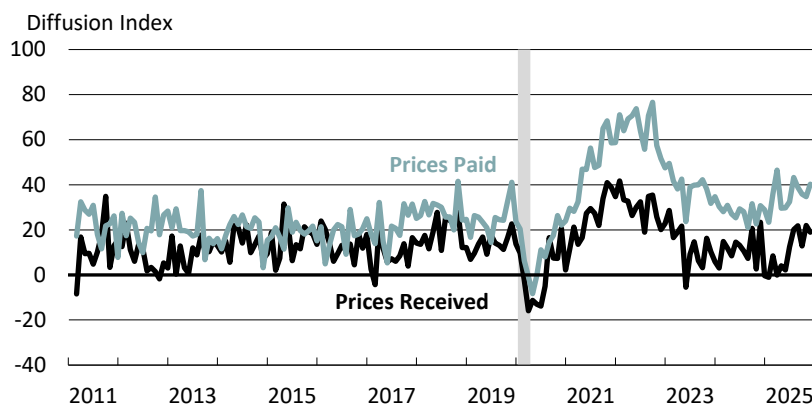
Future activity indicators for growth over the next six months were positive at the firm level but remained negative for the region. The diffusion index for future activity at the firm level rose 10 points to 11.4, nearly undoing its decrease over the last two months (see Chart 1). More than 42 percent of the firms expect increases, 31 percent expect decreases, and 23 percent expect no change. The future regional activity index, which has been negative for 10 of the last 11 months, remained largely unchanged at -13.8.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest nonmanufacturing activity softened but remained positive overall. The indicators for firm-level general activity, new orders, and sales/revenues all declined

Chart 2. Current Prices Paid and Prices Received Indexes

January 2011 to December 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.

but remained positive. The firms reported overall increases in full- and part-time employment and continued increases in prices. On balance, the firms expect growth at their own firms over the next six months. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY December 2025	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?	-16.3	15.0	50.6	31.8	-16.8	-13.3	19.3	44.5	33.1	-13.8
What is your assessment of general business activity for your firm?	19.8	36.1	24.1	31.8	4.3	1.2	42.4	22.9	31.0	11.4
Company Business Indicators										
New Orders	6.6	27.7	21.2	24.5	3.2	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 18, 2025.				
Sales or Revenues	17.1	41.0	27.7	25.7	15.3					
Unfilled Orders	-0.7	13.3	30.2	1.9	11.4					
Inventories	1.9	8.7	30.4	3.5	5.2					
Prices Paid	34.7	45.2	35.3	4.9	40.3					
Prices Received	22.0	28.5	57.8	9.4	19.0					
Number of Employees – Full-Time Permanent	2.5	23.3	59.5	13.8	9.6					
Number of Employees – Part-Time, Temporary, and Contract	-0.6	23.0	58.2	5.5	17.5					
Average Employee Workweek	13.6	21.6	64.0	11.1	10.5					
Wage and Benefit Costs	49.3	48.7	45.8	2.6	46.1					
Capital Expenditures – Physical Plant	0.0	17.0	40.9	6.4	10.6					
Capital Expenditures – Equipment & Software	12.4	30.4	47.5	7.9	22.4					

Special Questions (December 2025)		
1. How will your firm's total sales/revenues for the fourth quarter of 2025 compare with those of the third quarter of 2025 ?		
An increase of:	% of firms	Subtotals
10% or more	4.9	% of firms reporting an increase: 56.1
5–10%	4.9	
0–5%	46.3	
No change	14.6	
A decline of:		
0–5%	19.5	% of firms reporting a decrease: 29.3
5–10%	4.9	
10% or more	4.9	

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 (%)
Energy markets	61.5	25.6	12.8	0.0	23.7	42.1	34.2
Financial capital	55.0	27.5	12.5	5.0	23.1	51.3	25.6
Labor supply	36.6	24.4	26.8	12.2	19.0	71.4	9.5
Supply chains	52.5	32.5	12.5	2.5	16.2	73.0	10.8
Uncertainty	11.4	38.6	20.5	29.5	45.0	45.0	10.0
Other factors	66.7	13.3	20.0	0.0	15.4	76.9	7.7