

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

Nonmanufacturing activity weakened this month, according to the firms responding to the February *Nonmanufacturing Business Outlook Survey*. The firm-level general activity, new orders, and sales/revenues indexes all declined, and the new orders index turned negative. The employment indicators suggested increases overall in employment. Both price indexes remained elevated. The firms continued to expect growth over the next six months.

Current Indicators Decline

The diffusion index for current general activity at the firm level declined from 16.2 to 5.8 in February, offsetting most of its increase from last month (see Chart 1). Over 28 percent of the firms reported increases in activity, 22 percent reported decreases, and half reported no change. The sales/revenues and new orders indexes also declined: The former dropped 17 points to 8.2, and the latter fell from 5.5 to -9.3 this month, its first negative reading since October. Over 24 percent of the firms reported decreases in new orders, exceeding the 15 percent that reported increases. The indicator for current regional activity remained negative and fell to -17.3.

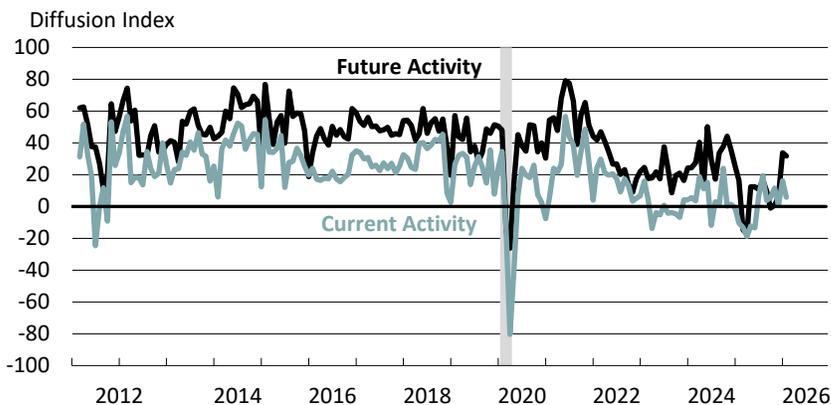
Firms Report Overall Increases in Employment

The full-time employment index ticked up 1 point to 10.6. Nearly 70 percent of the firms reported no change in full-time employment, while the share of firms reporting increases (19 percent) exceeded the share reporting decreases (8 percent). The part-time employment index rose 6 points to 5.5. The average workweek index climbed 20 points to 29.5.

Firms Continue to Report Overall Price Increases

Both price indexes moved higher, and the prices received index joined the prices paid index at well above their long-run averages (see Chart 2). The prices paid index increased 6 points to 40.7 this month. More than 45 percent of the firms expect increases in prices, 5 percent expect decreases, and 40 percent expect no change. Regarding prices for the firms'

Chart 1. Current and Future General Activity Indexes
January 2011 to February 2026



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.

own goods and services, the prices received index rose from 13.2 to 22.0, its highest reading since May 2023.

Similar Share of Firms Expects Near-Term Changes to Costs Relative to Last Quarter

In this month's special questions, the firms were asked about changes in core customer price sensitivity and anticipated cost changes (see Special Questions on page 3). Almost 49 percent of the firms reported that their customers were more price sensitive compared with last quarter, while 46 percent reported customers' sensitivity was about the same. Almost 56 percent of the firms anticipated changes in their industry's costs in the near term (similar to the 59 percent last quarter), and of those firms, 55 percent expected their competitors to raise prices in response. Regarding when these price changes will occur, the firms' median expectation was for competitors to change prices in the next three months.

Released February 24, 2026, at 8:30 a.m. ET.
The next *Nonmanufacturing Business Outlook Survey* will be released on March 24, 2026.

The 2026 Q1 *Price and Inflation Expectations Survey* will be released on February 25, 2026.

Firms Continued to Anticipate Growth

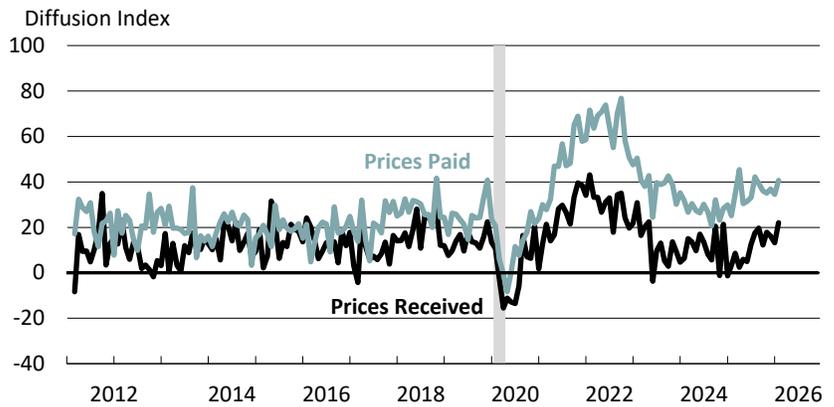
The future indicators were little changed this month, following sharp increases last month. The diffusion index for future activity at the firm level edged down 2 points to 31.7 (see Chart 1). Over 49 percent of the firms expect increases, 18 percent expect decreases, and 32 percent expect no change. The future regional activity index rose 4 points to 14.2, its second consecutive positive reading and its highest reading since January 2025.

Summary

Responses to the *Nonmanufacturing Business Outlook Survey* suggest weaker activity this month. The indicators for firm-level general activity, new orders, and sales/revenues all fell, and the new orders index turned negative. The full-time employment index remained positive and was little changed. Both price indexes were above their long-run averages. The firms continue to expect growth over the next six months. ■

Chart 2. Current Prices Paid and Prices Received Indexes

January 2011 to February 2026



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 February 2026	February vs. January					Six Months from Now vs. February				
	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?	-4.2	18.6	42.9	35.8	-17.3	10.3	39.6	30.9	25.4	14.2
What is your assessment of general business activity for your firm?	16.2	28.1	49.7	22.2	5.8	33.7	49.4	31.5	17.8	31.7
Company Business Indicators										
New Orders	5.5	15.0	31.8	24.2	-9.3	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 February 19, 2026.				
Sales or Revenues	24.8	34.2	37.4	26.0	8.2					
Unfilled Orders	2.1	2.5	28.2	12.6	-10.1					
Inventories	-3.5	0.0	28.7	5.8	-5.8					
Prices Paid	34.5	45.4	40.1	4.7	40.7					
Prices Received	13.2	24.1	66.2	2.2	22.0					
Number of Employees – Full-Time Permanent	9.7	18.9	69.5	8.3	10.6					
Number of Employees – Part-Time, Temporary, and Contract	-0.4	8.9	78.1	3.4	5.5					
Average Employee Workweek	9.6	33.7	61.3	4.2	29.5					
Wage and Benefit Costs	37.2	31.5	64.6	1.5	30.0					
Capital Expenditures – Physical Plant	5.0	17.4	44.7	7.8	9.6					
Capital Expenditures – Equipment & Software	5.2	29.3	49.0	10.3	19.0					

Special Questions (February 2026)		
1. Since last quarter, have your core customers become more or less price sensitive?		
	Percent (%)	
More sensitive	48.6	
About the same	45.9	
Less sensitive	5.4	
Don't know	0.0	
2. Over the near term (roughly the next six months or so), can you clearly anticipate any changes in your industry's costs?		
	Percent (%)	
Yes	55.6	
No	44.4	
2a. How do you anticipate that your competitors will respond?*		
	Percent (%)	
Raise prices	55.0	
Hold prices steady	35.0	
Lower prices	5.0	
Don't know	5.0	
*Only firms that responded "yes" to question 2 responded to question 2a.		
2b. How soon do you anticipate your competitors will change prices?***		
	Number of months	
Median response	3.0	
***Only firms that responded "raise prices" or "lower prices" to question 2a responded to question 2b.		
3. Has your business been impacted by tariffs over the past year? Do you expect your business to be impacted by tariffs over the next year?		
	Over past year	Over next year
	Percent (%)	Percent (%)
Yes, net positive impact	2.6	2.6
Yes, net negative impact	44.7	42.1
No	44.7	39.5
Don't know	7.9	15.8