

# Nonmanufacturing Business Outlook Survey

March 2026

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Nonmanufacturing activity in the region declined this month, according to the firms responding to the March *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level and new orders were both negative, while the sales/revenues index moved higher. The firms reported overall decreases in both full- and part-time employment. Both price indexes continued to indicate overall increases in prices, but the prices received index fell below its long-run average. Expectations for growth over the next six months were less widespread this month.

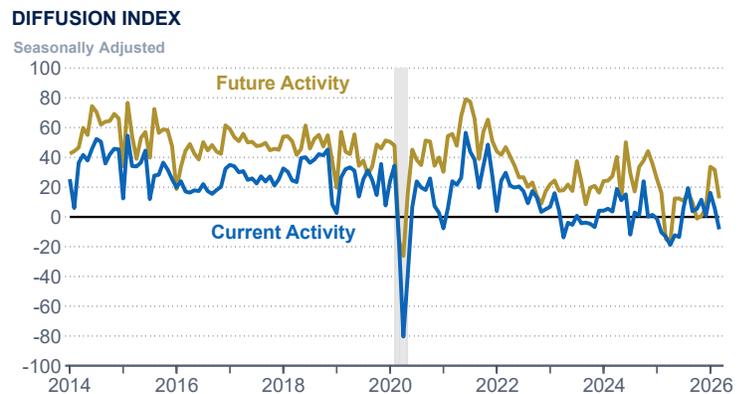
## Current Indexes Are Mixed

The diffusion index for current general activity at the firm level fell 14 points to -8.3, its first negative reading since June (see Chart 1). More than 19 percent of the firms reported increases (down from 28 percent last month), 27 percent reported decreases (up from 22 percent), and 54 percent reported no change in activity (up from 50 percent). The new orders index rose 5 points to -4.7, remaining negative for the second consecutive month. Almost 19 percent of the firms reported increases in new orders, 23 percent reported decreases, and 35 percent reported no change. The sales/revenues index rose from 8.2 to 13.2. Almost 34 percent of the responding firms reported increases in sales/revenues, while 21 percent reported decreases. The regional activity index fell 7 points to -23.9 this month, its lowest reading since May.

## Firms Report Overall Decreases in Employment

The full-time employment index fell 22 points to -11.3 this month, its lowest reading since August 2024. Almost 14 percent of the firms reported decreases in full-time employment (up from 8 percent last month), 2 percent reported increases (down from 19 percent), and 81 percent reported steady employment levels (up from 70 percent).

**Chart 1. Current and Future General Activity Indexes**  
January 2014 to March 2026



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease. Shaded areas indicate NBER recessions.

The part-time employment index fell 13 points to -7.2 this month, its lowest reading since May.

## Firms Continue to Report Price Increases

Price indicator readings suggest continued increases in prices for inputs and prices for the firms' own goods and services, although both indexes moved down this month. The prices paid index ticked down 2 points to 39.1 (see Chart 2). Almost 44 percent of the respondents reported higher input prices, 36 percent reported no change, and 4 percent reported decreases. Regarding prices for the firms' own goods and services, the prices received index fell 13 points to 9.3 this month, its lowest reading since June. Almost 18 percent of the firms reported increases in prices received, and 8 percent reported decreases. Most of the firms (60 percent) reported no change in prices for their own goods and services.

**Note:** Survey responses were collected from March 9 to March 19. The next *Nonmanufacturing Business Outlook Survey* will be released on April 21, 2026.

For more regional economic analysis, see [www.philadelphiafed.org/regional-economy](http://www.philadelphiafed.org/regional-economy).

## Firms were Mixed on Quarterly Sales/Revenues

In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the first quarter ending this month compared with the fourth quarter of 2025; they were also asked about factors constraining business operations (see Special Questions on page 3). Equal shares of respondents (41 percent) expected increases and decreases in first-quarter sales/revenues. In the current quarter, nearly 89 percent of the firms reported uncertainty as at least a slight constraint on business operations, similar to when this question was last asked in December. Over 77 percent of the firms cited energy markets as at least a slight constraint, up from 38 percent last quarter. Looking ahead over the next three months, most of the firms expect the impacts of energy markets and uncertainty to worsen.

## Future Indicators Decline

The future general activity indexes continued to suggest the firms expect growth at their own companies over the next six months, but expectations were less widespread this month. The diffusion index for future general activity at the firm level fell 19 points to 12.5, its lowest reading since December (see Chart 1). Thirty-six percent of the firms expect an increase in activity at their firms over the next six months, 24 percent expect decreases, and 40 percent expect no change. The future regional activity index also fell, declining 16 points to -1.6, its first negative reading since December.

Chart 2. Current Prices Paid and Prices Received Indexes  
January 2014 to March 2026



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease. Shaded areas indicate NBER recessions.

## Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest an overall decline in nonmanufacturing activity among the firms in the region. The indicators for firm-level general activity and new orders were both negative, but the sales/revenues index rose. The full- and part-time employment indexes both turned negative, suggesting overall decreases in employment. The prices paid and prices received indexes moved down but continued to indicate increases in prices, on balance. Expectations for growth over the next six months were less widespread this month. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY March 2026	March vs. February					Six Months from Now vs. March				
	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?	-17.3	10.4	52.8	34.4	<b>-23.9</b>	14.2	31.2	36.0	32.8	<b>-1.6</b>
What is your assessment of general business activity for your firm?	5.8	19.1	53.6	27.4	<b>-8.3</b>	31.7	36.0	40.4	23.5	<b>12.5</b>
Company Business Indicators										
New Orders	-9.3	18.6	34.7	23.3	<b>-4.7</b>	<b>NOTES:</b>  (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 March 19, 2026.				
Sales or Revenues	8.2	33.9	45.3	20.7	<b>13.2</b>					
Unfilled Orders	-10.1	5.3	30.5	11.8	<b>-6.5</b>					
Inventories	-5.8	3.9	21.1	4.1	<b>-0.2</b>					
Prices Paid	40.7	43.5	35.8	4.4	<b>39.1</b>					
Prices Received	22.0	17.7	60.2	8.4	<b>9.3</b>					
Number of Employees – Full-Time Permanent	10.6	2.2	81.1	13.5	<b>-11.3</b>					
Number of Employees – Part-Time, Temporary, and Contract	5.5	7.0	72.9	14.1	<b>-7.2</b>					
Average Employee Workweek	29.5	12.2	77.8	7.4	<b>4.8</b>					
Wage and Benefit Costs	30.0	34.3	61.6	0.0	<b>34.3</b>					
Capital Expenditures – Physical Plant	9.6	7.9	37.9	10.9	<b>-3.0</b>					
Capital Expenditures – Equipment & Software	19.0	13.4	55.8	10.1	<b>3.3</b>					

# NBOS Special Questions

**1. How will your firm's total sales/revenues for the first quarter of 2026 compare with that of the fourth quarter of 2025?**

An increase of:	% of firms	Subtotals
10% or more	3.1	% of firms reporting an increase: 40.6
5–10%	15.6	
0–5%	21.9	
No change	18.8	
A decline of:		
0–5%	28.1	% of firms reporting a decrease: 40.6
5–10%	3.1	
10% or more	9.4	

**2. In the current quarter, to what degree have the following factors acted as constraints on business operations?**

	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	22.9	60.0	2.9	14.3	76.5	8.8	14.7
Financial capital	60.6	18.2	18.2	3.0	35.3	55.9	8.8
Labor supply	29.4	47.1	17.6	5.9	9.1	81.8	9.1
Supply chains	48.5	42.4	9.1	0.0	40.0	60.0	0.0
Uncertainty	11.4	25.7	31.4	31.4	71.9	18.8	9.4
Other factors	57.1	28.6	0.0	14.3	40.0	60.0	0.0