

Nonmanufacturing Business Outlook Survey

June 2026

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Nonmanufacturing activity in the region expanded overall this month, according to the firms responding to the June *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level and for sales/revenues both returned to positive territory, while the new orders index was essentially unchanged at a slightly negative reading. The firms continued to report overall decreases in full-time employment. Both price indexes continued to indicate overall increases in prices, but the indexes moved in different directions. The respondents' expectations for growth over the next six months were mixed.

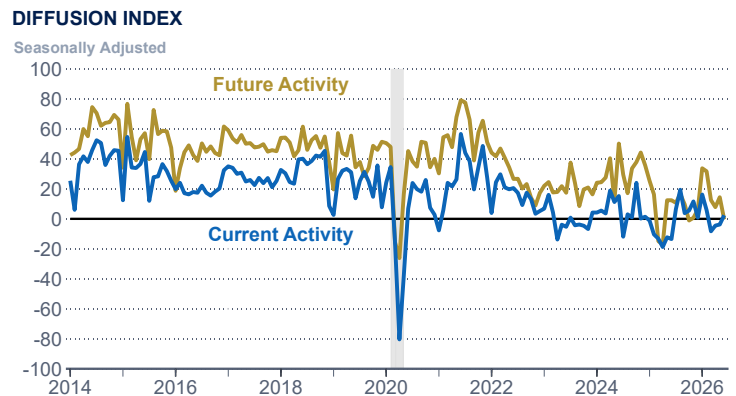
Current Indexes Are Mixed

The diffusion index for current general activity at the firm level rose 6 points to 2.4, its first positive reading since February (see Chart 1). Almost 25 percent of the firms reported increases, 22 percent reported decreases, and 53 percent reported no change in activity. The sales/revenues index rose 27 points to 19.6, its highest reading since January. More than 35 percent of the responding firms reported increases in sales/revenues (up from 26 percent last month), while 16 percent reported decreases (down from 34 percent); 48 percent of the firms reported no change (up from 37 percent). The new orders index remained largely unchanged from May at -0.7, its fifth consecutive negative reading. Almost 20 percent of the firms reported decreases in new orders, narrowly exceeding the 19 percent that reported increases, and 35 percent reported no change. The regional activity index edged down to -25.8 this month, its lowest reading since May 2025.

Full-Time Employment Index Remains Negative

The full-time employment index declined 4 points to -4.8 this month, its fourth consecutive negative reading, undoing its increase from last month. Almost 20 percent of

Chart 1. Current and Future General Activity Indexes
January 2014 to June 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 firms reported decreases in full-time employment, 15 percent reported increases, and 63 percent reported steady employment levels. The part-time employment index fell 5 points to a near-zero reading this month.

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. The prices paid index fell 11 points to 25.8, below its long-run nonrecession average for the first time since February 2025 (see Chart 2). More than 30 percent of the respondents reported higher input prices, 58 percent reported no change, and 5 percent reported decreases. Regarding prices for the firms' own goods and services, the prices received index rose 7 points to 20.2 this month, its highest reading since February. Almost 24 percent of the firms reported increases in prices received, and 4 percent reported decreases. Most of the firms (72 percent) reported no change in prices for their own goods and services.

Note: Survey responses were collected from June 8 to June 18. The next *Nonmanufacturing Business Outlook Survey* will be released on July 21, 2026.

For more regional economic analysis, see www.philadelphiafed.org/regional-economy.

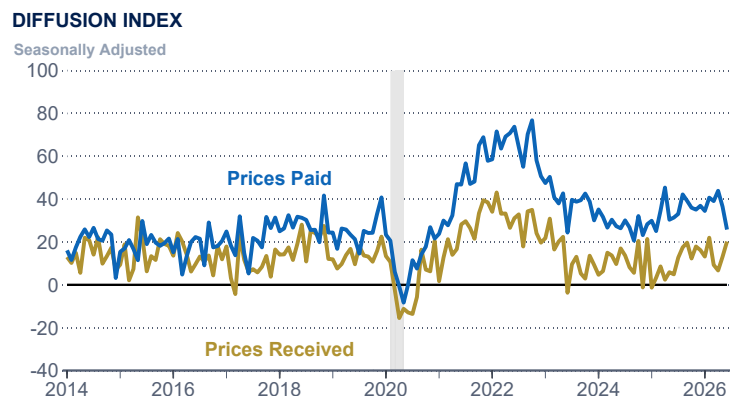
Firms Report Higher Sales/Revenues on Balance

In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the second quarter ending this month compared with the first quarter of 2026; they were also asked about factors constraining business operations (see Special Questions on page 3). Almost 59 percent of the firms reported expected increases in second-quarter sales/revenues, while over 10 percent reported expected decreases. In the current quarter, more than 83 percent of the firms reported energy markets as at least a slight constraint, up from 77 percent in March. Further, almost 82 percent of the firms cited uncertainty as at least a slight constraint, down from 89 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

On balance, the firms expected no change in general activity over the next six months at the firm level and a decline in activity for the region. The diffusion index for future general activity at the firm level fell 15 points to -0.3, its first negative reading since October (see Chart 1). Almost equal shares of firms (34 percent) expect increases and decreases in activity at their firms over the next six months, and 30 percent expect no change. The future regional activity index edged down further to -10.5, its lowest reading since December.

Chart 2. Current Prices Paid and Prices Received Indexes
January 2014 to June 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 increase in nonmanufacturing activity among the firms in the region. The indicators for firm-level general activity and sales/revenues returned to positive territory, while the new orders index remained flat. The full-time employment index fell further into negative territory, while the part-time employment index was near zero. Both price indexes continued to indicate overall increases in prices. On balance, the firms expect no change in activity at their own firms over the next six months. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY June 2026	June vs. May					Six Months from Now vs. June				
	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?	-23.6	14.2	42.4	39.9	-25.8	-9.6	18.9	46.1	29.4	-10.5
What is your assessment of general business activity for your firm?	-3.8	24.7	53.0	22.2	2.4	14.4	34.0	30.2	34.3	-0.3
Company Business Indicators										
New Orders	-0.8	18.8	35.1	19.5	-0.7	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 June 18, 2026.				
Sales or Revenues	-7.6	35.1	47.9	15.5	19.6					
Unfilled Orders	1.7	10.6	34.9	9.6	1.0					
Inventories	-1.2	4.9	34.0	6.1	-1.2					
Prices Paid	36.5	30.3	57.6	4.5	25.8					
Prices Received	13.1	23.8	71.7	3.6	20.2					
Number of Employees – Full-Time Permanent	-1.1	15.0	62.9	19.8	-4.8					
Number of Employees – Part-Time, Temporary, and Contract	5.4	12.4	64.7	12.3	0.1					
Average Employee Workweek	1.7	11.8	76.7	11.5	0.3					
Wage and Benefit Costs	33.7	46.1	47.5	6.4	39.7					
Capital Expenditures – Physical Plant	14.5	7.4	59.5	2.4	4.9					
Capital Expenditures – Equipment & Software	6.0	24.0	54.1	9.0	15.0					

NBOS Special Questions

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

An increase of:	% of firms	Subtotals
10% or more	10.3	% of firms reporting an increase: 58.5
5–10%	10.3	
0–5%	37.9	
No change	31.0	
A decline of:		
0–5%	3.5	% of firms reporting a decrease: 10.5
5–10%	3.5	
10% or more	3.5	

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

	Not at all (%)	Slightly (%)	Moderately (%)	Significantly (%)
Energy markets	16.7	46.7	16.7	20.0
Financial capital	64.3	21.4	14.3	0.0
Labor supply	36.7	43.3	10.0	10.0
Supply chains	57.7	30.8	11.5	0.0
Uncertainty	18.2	33.3	21.2	27.3
Other factors	70.0	30.0	0.0	0.0

3. Over the next three months, how do you expect the impacts of the following factors as constraints on business operations to change?

	Worsen (%)	Stay the same (%)	Improve (%)
	45.5	30.3	24.2
	25.0	62.5	12.5
	21.2	72.7	6.1
	13.8	82.8	3.4
	55.9	29.4	14.7
	16.7	75.0	8.3