

Responses to the January *Nonmanufacturing Business Outlook Survey* suggest continued expansion in nonmanufacturing activity in the region. The indexes for general activity at the firm level, new orders, and sales/revenues all rose. However, the index for full-time employment decreased. The firms continued to report overall increases in the prices of both their own goods and their inputs. The respondents continued to anticipate growth over the next six months, as both future activity indexes increased.

Firms Report Overall Growth

The diffusion index for current general activity at the firm level rose 14 points, from a revised reading of 9.1 in December to 23.5 in January (see Chart 1).^{*} Forty-one percent of the firms reported increases in activity, and 18 percent reported decreases. The new orders index edged up 1 point to 16.6 in January. The share of firms reporting increases in new orders (33 percent) was higher than the share reporting decreases (17 percent). The sales/revenues index increased 18 points to 29.2 in January. Over 48 percent of the responding firms reported increases in sales/revenues, while 19 percent reported decreases. The regional activity index held steady at 13.4.

Employment Indicators Remain Positive

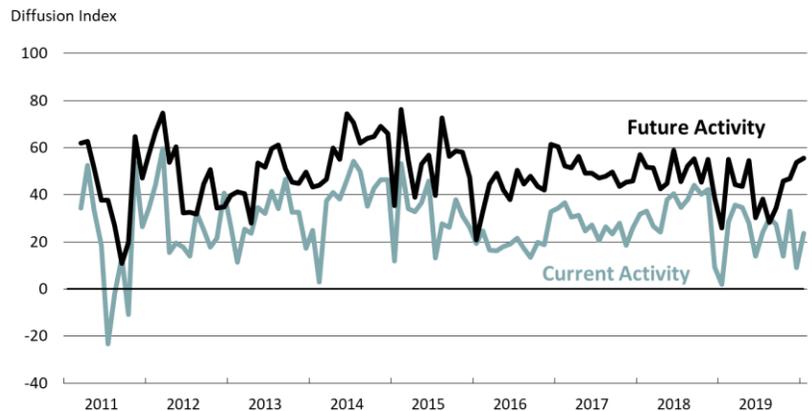
The firms continued to report overall increases in full-time and part-time employment, but both employment indicators declined. The full-time employment index fell 8 points to 12.5 in January. Almost 66 percent of the firms reported steady full-time employment levels, while the share of firms reporting increases (23 percent) was higher than the share reporting decreases (10 percent). The part-time employment index edged down 2 points to 7.5, and the wages and benefits indicator edged up to 49.9. The average workweek index increased 3 points to 19.4.

Firms Continue to Report Overall Price Increases

The price indicator readings suggest overall increases in prices for inputs and for the firms' own goods and services. The prices paid index fell 10 points to 25.0 (see Chart 2). Fifty-four percent of the respondents reported stable input prices, while 29 percent of the respondents reported increases, and

Chart 1. Current and Future General Activity Indexes for Firms

March 2011 to January 2020



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.

only 4 percent reported decreases. Regarding prices for firms' own goods and services, the prices received index held steady at 16.3 in January. More than 23 percent of the firms reported increases in prices received, and only 7 percent reported decreases. More than 54 percent of the firms reported no change in prices for their own goods and services.

Firms' Optimism for Future Growth Improves

Both future activity indexes suggest that firms anticipate continued growth over the next six months. The diffusion index for future activity at the firm level moved up slightly from a revised reading of 53.8 in December to 55.6 this month (see Chart 1). Nearly 67 percent of the firms expect an increase in activity at their firms over the next six months, compared with 11 percent that expect decreases and 22 percent that

Released January 21, 2020, at 8:30 a.m. ET.

The next *Nonmanufacturing Business Outlook Survey* will be released on February 25, 2020.

^{*} The survey's annual historical revisions, which incorporate new seasonal adjustment factors, were released on January 14, 2020. See the [impact of revisions for 2019](#) or the full set of revised [historical data](#) on the Bank's website.



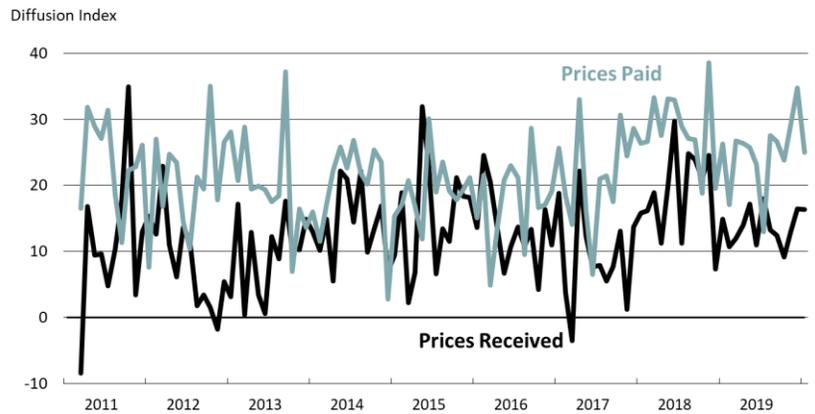
expect no change. The future regional activity index increased 8 points to 36.9.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest continued expansion in nonmanufacturing activity in the region. The indicators for firm-level general activity, sales/revenues, and new orders all rose, while the full-time employment index fell. Overall, the respondents continue to expect growth over the next six months in their own firms and in the region. ■

Chart 2. Prices Paid and Prices Received Indexes

March 2011 to January 2020



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 January 2020	January vs. December					Six Months from Now vs. January				
	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?	13.2	33.0	47.4	19.6	13.4	28.5	48.9	39.1	12.0	36.9
What is your assessment of general business activity for your firm?	9.1	41.0	37.7	17.5	23.5	53.8	66.9	21.8	11.3	55.6
Company Business Indicators										
New Orders	15.7	33.2	26.2	16.6	16.6	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 percent because of rounding, omission by respondents, or both. (4) Survey results reflect data received through January 16, 2020.				
Sales or Revenues	11.2	48.2	29.5	19.0	29.2					
Unfilled Orders	9.2	10.9	24.3	2.3	8.6					
Inventories	5.2	9.0	14.5	6.4	2.6					
Prices Paid	34.7	29.4	54.4	4.4	25.0					
Prices Received	16.4	23.5	54.3	7.3	16.3					
Number of Employees – Full-Time Permanent	20.4	22.9	65.7	10.4	12.5					
Number of Employees – Part-Time, Temporary, and Contract	9.1	19.0	63.5	11.5	7.5					
Average Employee Workweek	16.8	26.2	61.0	6.9	19.4					
Wage and Benefit Costs	48.7	54.2	41.1	4.3	49.9					
Capital Expenditures – Physical Plant	19.5	27.8	38.1	5.7	22.1					
Capital Expenditures – Equipment & Software	31.3	36.2	44.2	1.4	34.7					