

Note: Survey responses were collected from April 2 to April 16.

Nonmanufacturing firms reported continued weakening in regional nonmanufacturing activity this month, according to results from the *Nonmanufacturing Business Outlook Survey*. The survey's current indicators for general activity at the firm level, sales/revenues, new orders, and full-time employment once again fell sharply this month to historic lows, coinciding with ongoing developments related to the coronavirus pandemic. The firms now report overall net decreases in the prices of both their own goods and their inputs, both of which had remained positive last month. The respondents expect overall declines over the next six months, as future activity indexes fell further to historic lows.

#### Current Indicators Reach Historic Lows

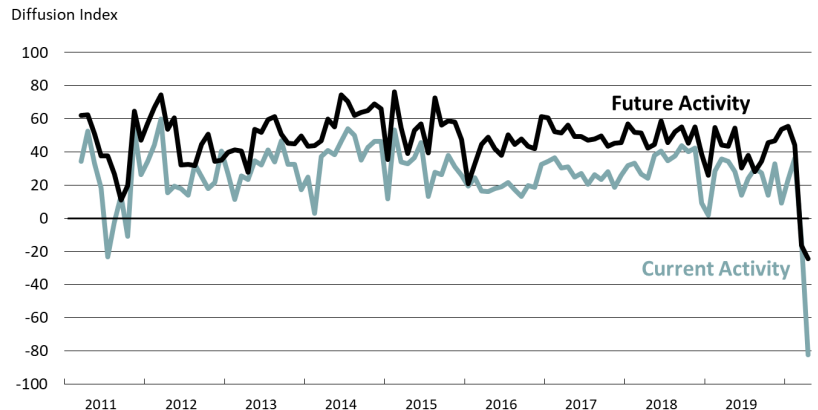
The diffusion index for current general activity at the firm level fell sharply for the second consecutive month from -12.8 in March to -82.5 in April, its lowest reading since this survey began in March 2011 (see Chart 1). Only 3 percent of the firms reported increases in activity (down from 22 percent last month), while 85 percent reported decreases (up from 35 percent last month). The new orders index fell 51 points to -67.2 in April, reaching an all-time low for a second consecutive month. More than 67 percent of the firms reported decreases in new orders, while none reported increases. The sales/revenues index also reached an all-time low, falling from -4.9 to -87.9 in April. No responding firms reported increases in sales/revenues, while 88 percent reported decreases. The regional activity index plummeted to a historic low of -96.4.

#### Employment Indicators Contract Sharply

The firms reported overall decreases in full-time and part-time employment for the second consecutive month, as both indexes fell further into negative territory. The full-time employment index fell 46 points to -47.5, an all-time low. While nearly 40 percent of the firms reported steady full-time employment levels, the share of firms reporting decreases (52 percent) vastly exceeded the share reporting increases (4 percent). The part-time employment index decreased 48 points

**Chart 1. Current and Future General Activity Indexes for Firms**

March 2011 to April 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.

to -58.9, also an all-time low. Twenty-nine percent of the firms reported steady part-time employment levels, with the majority of firms reporting decreases (59 percent) and none reporting increases. The wages and benefits indicator plummeted 62 points to -35.7, and the average workweek index fell 45 points to -50.7, historic lows for both.

#### Firms Report Declines in Prices of Their Own Goods

Price indicator readings fell and now suggest near-steady prices for inputs and declines in prices for the firms' own goods and services, both hitting historic lows. The prices paid index declined from 6.0 in March to -0.4 in April (see Chart 2). While the majority of respondents (52 percent) reported stable input prices, the shares of firms reporting decreases and increases were roughly equal. Regarding prices for the firms' own goods and services, the prices received index declined 16 points to -15.4 in April. The share of firms reporting decreases in prices received (23 percent) exceeded the share of firms that reported increases (7 percent). More than 38 percent of the firms reported no change in prices for their own goods and services.

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The next *Nonmanufacturing Business Outlook Survey* will be released on May 26, 2020.



### Future Indicators Weaken Further

Both future activity indexes suggest that the respondents expect continued declines overall in nonmanufacturing activity over the next six months, with both series reaching all-time low readings for a second consecutive month. The diffusion index for future activity at the firm level decreased from a reading of -16.3 in March to -24.5 this month (see Chart 1). More than 32 percent of the firms expect an increase in activity at their firms over the next six months (up from 28 percent last month) compared with 57 percent that expect decreases (up from 45 percent last month). The future regional activity index fell from -36.9 in March to -45.8 in April.

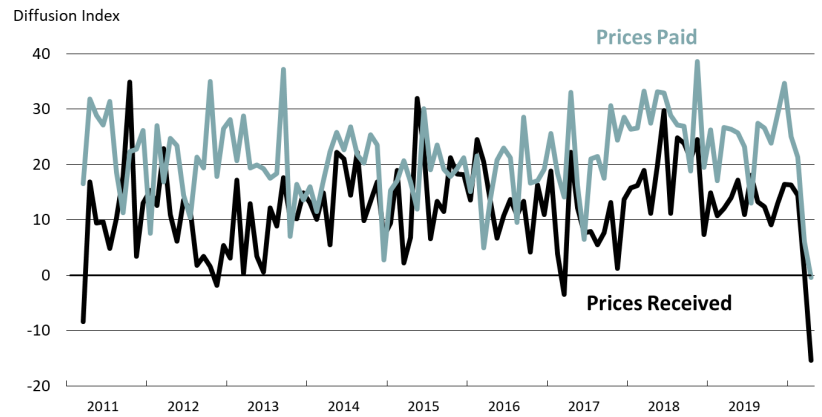
### Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest a continued weakening in nonmanufacturing activity in the region.

The indicators for firm-level general activity, sales/revenues, new orders, and full-time employment all reached historic lows after falling into negative territory last month. Both price indicators declined further this month, indicating overall price reductions. Future activity indexes once again fell to historic lows and suggest that respondents expect continued declines over the next six months. ■

**Chart 2. Prices Paid and Prices Received Indexes**

March 2011 to April 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 April 2020	April vs. March					Six Months from Now vs. April				
	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?	-35.1	1.8	0.0	98.2	-96.4	-36.9	23.4	6.1	69.2	-45.8
What is your assessment of general business activity for your firm?	-12.8	2.9	11.1	85.4	-82.5	-16.3	32.2	9.5	56.7	-24.5
Company Business Indicators										
New Orders	-16.4	0.3	11.6	67.5	-67.2	<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 percent because of rounding, omission by respondents, or both. (4) Survey results reflect data received through April 16, 2020.				
Sales or Revenues	-4.9	0.0	6.9	87.9	-87.9					
Unfilled Orders	-1.5	6.5	5.0	25.3	-18.8					
Inventories	-1.7	8.1	16.2	6.3	1.9					
Prices Paid	6.0	13.1	51.5	13.5	-0.4					
Prices Received	0.5	7.4	38.1	22.7	-15.4					
Number of Employees – Full-Time Permanent	-1.7	4.2	39.6	51.6	-47.5					
Number of Employees – Part-Time, Temporary, and Contract	-11.2	0.0	29.0	58.9	-58.9					
Average Employee Workweek	-5.2	8.6	28.3	59.3	-50.7					
Wage and Benefit Costs	26.6	2.1	54.9	37.8	-35.7					
Capital Expenditures – Physical Plant	10.6	4.6	14.5	45.9	-41.3					
Capital Expenditures – Equipment & Software	22.6	7.0	25.5	47.5	-40.5					