

Note: Survey responses were collected from June 4 to June 18.

Nonmanufacturing firms reported continued weakness in regional nonmanufacturing activity this month, according to results from the *Nonmanufacturing Business Outlook Survey*. Most of the survey's current indicators improved from readings last month: The indexes for general activity at the firm level and sales/revenues showed positive readings for the first time since February, coinciding with the limited reopening of the service economy in the region. However, the new orders and full-time employment indexes remained negative despite posting large gains from last month. The respondents expect overall improvement in conditions over the next six months, as both future activity indexes rose well into positive territory.

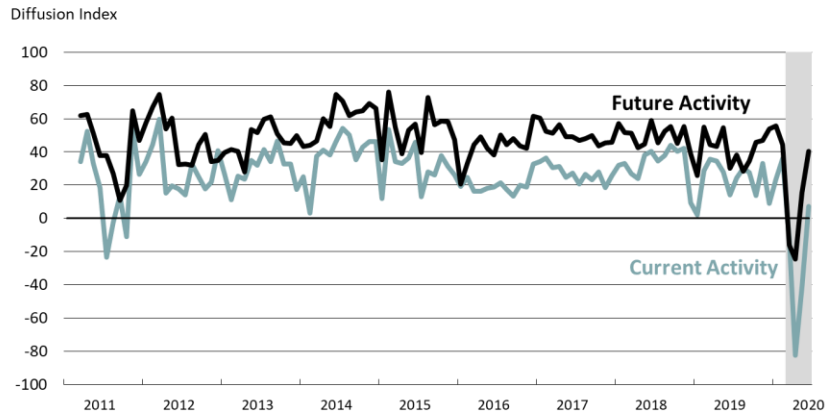
#### Current Indicators Continue to Climb from Historic Lows

The diffusion index for current general activity at the firm level rose sharply for the second consecutive month from -41.4 in May to 7.3 in June, after reaching historic lows in preceding months (see Chart 1). Reports of increases in activity were more widespread this month: Over 45 percent of the firms reported increases (up from 16 percent last month), while 38 percent reported decreases (down from 57 percent last month). The new orders index rose 20 points to -12.6 in June, its second consecutive month with a double-digit increase. More than 36 percent of the firms reported decreases in new orders, while 24 percent reported increases. The sales/revenues index rose from -50.8 in May to 0.3 in June, as responses were mostly evenly split between increases and decreases. The regional activity index increased 65 points to -3.6.

#### Employment Indicators Remain Negative but Improve

The firms reported overall decreases in full-time and part-time employment for the fourth consecutive month. The full-time employment index rose 10 points to -13.3, rising for the second consecutive month after reaching an all-time low in April. The share of firms reporting decreases in full-time employment (22 percent) exceeded the share reporting increases (8 percent); the majority (61 percent) reported no

**Chart 1. Current and Future General Activity Indexes for Firms**  
March 2011 to June 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.

change. The part-time employment index increased 13 points to -24.4. The majority of firms reported steady part-time employment (58 percent), while 25 percent of the firms reported decreases and 1 percent reported increases. The wages and benefits indicator rose 11 points to -3.5, and the average workweek index rose 43 points to 6.7, its first positive reading since February.

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

Price indicator readings suggest near-steady prices for inputs and declines in prices for the firms' own goods and services. The prices paid index increased from -6.2 in May to 2.0 in June (see Chart 2). While most respondents (59 percent) reported stable input prices, 13 percent of the firms reported increases, and 11 percent reported decreases. Regarding prices for the firms' own goods and services, the prices received index edged down 3 points to -13.7 in June. Just under 14 percent of the firms reported decreases in prices received, and none reported increases. Nearly 73 percent of the firms reported no change in prices for their own goods and services.

Released June 23, 2020, at 8:30 a.m. ET.

The next *Nonmanufacturing Business Outlook Survey* will be released on July 21, 2020.



## Future Indicators Strengthen

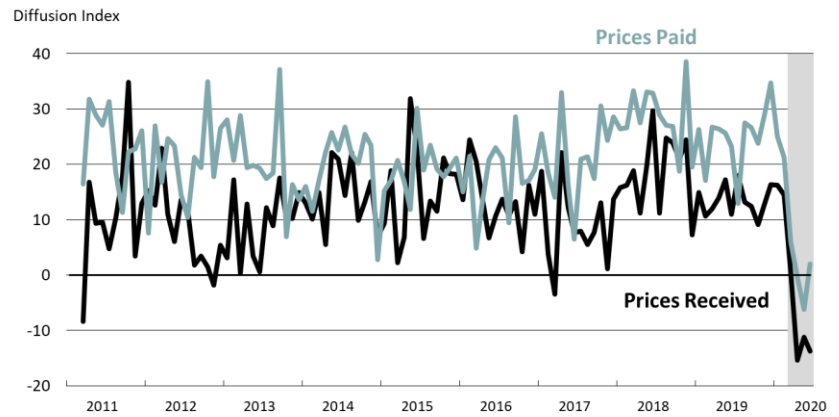
Both future activity indexes suggest that the respondents expect overall improvement in nonmanufacturing activity over the next six months, with both series reaching levels near their long-term averages. The diffusion index for future activity at the firm level increased from a reading of 15.4 in May to 40.5 this month (see Chart 1). Nearly 66 percent of the firms expect an increase in activity at their firms over the next six months (up from 49 percent last month), compared with 25 percent that expect decreases (down from 34 percent last month). The future regional activity index rose from -10.0 in May to 37.1 in June.

## Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest continued weakness in nonmanufacturing activity in the region. The indicators for firm-level general activity and sales/revenues reached positive levels for the first time since February, while new orders and full-time employment also rose but remained negative. The future activity indexes suggest that respondents expect improvement at their firms and in the region over the next six months. ■

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

March 2011 to June 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 June 2020	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?	-68.6	36.9	18.8	40.5	-3.6	-10.0	62.5	8.3	25.5	37.1
What is your assessment of general business activity for your firm?	-41.4	45.4	15.0	38.1	7.3	15.4	65.8	7.2	25.3	40.5
Company Business Indicators										
New Orders	-32.4	23.6	14.0	36.1	-12.6	<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 June 18, 2020.				
Sales or Revenues	-50.8	38.1	17.6	37.8	0.3					
Unfilled Orders	-6.3	6.3	20.8	18.6	-12.3					
Inventories	-8.5	8.4	13.9	11.8	-3.4					
Prices Paid	-6.2	13.1	59.3	11.1	2.0					
Prices Received	-11.2	0.0	72.7	13.7	-13.7					
Number of Employees – Full-Time Permanent	-23.4	8.4	61.0	21.7	-13.3					
Number of Employees – Part-Time, Temporary, and Contract	-37.3	0.9	57.5	25.3	-24.4					
Average Employee Workweek	-36.9	24.7	51.5	18.0	6.7					
Wage and Benefit Costs	-14.9	14.7	60.4	18.2	-3.5					
Capital Expenditures – Physical Plant	-28.2	7.3	39.2	25.8	-18.5					
Capital Expenditures – Equipment & Software	-21.7	15.7	40.9	24.8	-9.1					