

*Note: Survey responses were collected from September 8 to September 17.*

Nonmanufacturing firms reported continued signs of improvement in regional nonmanufacturing activity this month, according to results from the *Nonmanufacturing Business Outlook Survey*. The index for general activity at the firm level edged up, sales/revenues remained stable, and new orders edged down. The survey's indexes for full-time and part-time employment both showed positive readings for the first time since February. The respondents expect overall improvement in conditions over the next six months, as both future activity indexes increased.

#### Current Indicators Remain Positive

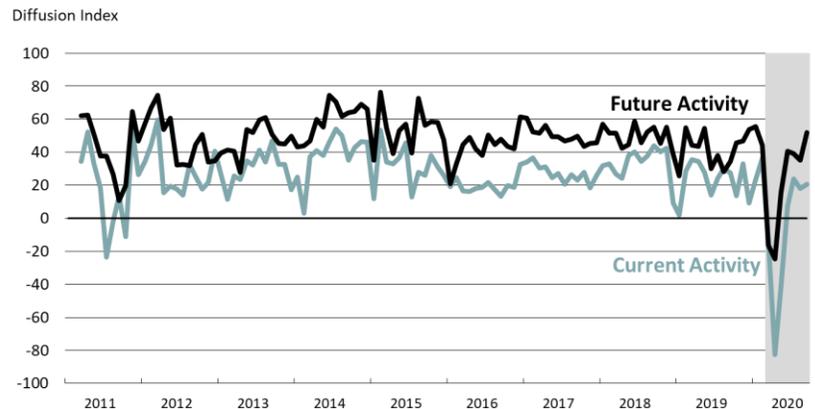
The diffusion index for current general activity at the firm level rose from 17.9 in August to 20.4 in September, its fourth consecutive positive reading since reaching record lows in the spring (see Chart 1). Over 42 percent of the firms reported increases, while 22 percent reported decreases. The new orders index was positive for the third consecutive month but fell 3 points to 8.5 in September. Nearly 31 percent of the firms reported increases in new orders, while 22 percent reported decreases. The sales/revenues index ticked down 1 point to 9.8 in September. The regional activity index increased 6 points to 8.0, its highest reading since February.

#### Employment Indicators Turn Positive

The firms reported overall increases in full-time and part-time employment for the first time since February, after six straight months of negative readings for both employment indicators. The full-time employment index increased for the fifth consecutive month, rising 8 points to 5.1. The share of firms reporting increases in full-time employment (20 percent) exceeded the share reporting decreases (15 percent); the majority (65 percent) reported no change. The part-time employment index increased 14 points to 8.0. The majority of firms reported steady part-time employment (67 percent), while 15 percent of the firms reported increases and 7 percent reported decreases. The wages and benefits indicator fell 2 points to 13.1, and the average workweek index fell 4 points to 9.7.

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

March 2011 to September 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.

#### Firms Now Report Increases in Prices of Own Goods

Price indicator readings suggest overall increases in prices for inputs and prices for the firms' own goods and services. The prices paid index increased from 10.1 in August to 17.1 in September (see Chart 2). While most respondents (59 percent) reported stable input prices, 24 percent of the firms reported increases, and 7 percent reported decreases. Regarding prices for the firms' own goods and services, the prices received index was positive for the first time since March, rising 22 points to 15.5. Over 23 percent of the firms reported increases for their own goods (up from 6 percent last month), while 8 percent reported decreases (down from 12 percent last month). More than 59 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 October 20, 2020.



## Future Indicators Strengthen

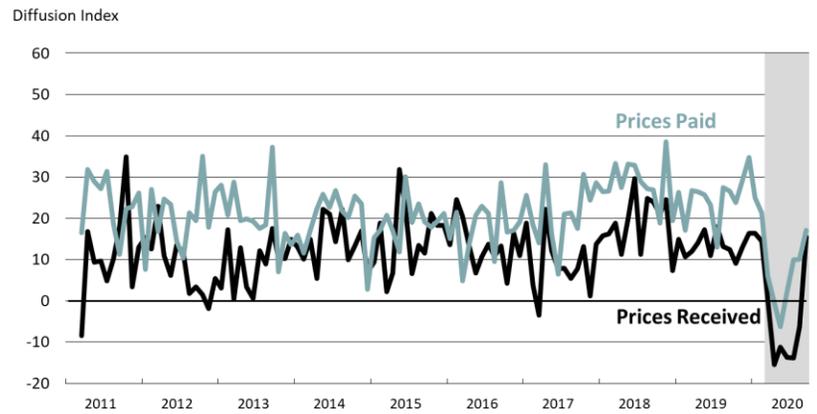
Both future activity indexes suggest more widespread optimism about growth over the next six months. The diffusion index for future activity at the firm level rose 17 points to a reading of 52.1 this month (see Chart 1). Over 64 percent of the firms expect an increase in activity at their firms over the next six months (up from 51 percent last month), compared with 12 percent that expect decreases (down from 16 percent). The future regional activity index rose from 19.7 in August to 33.7 in September.

## Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest further signs of improvement in nonmanufacturing activity in the region. The indicators for firm-level general activity, sales/revenues, and new orders remained positive after reaching all-time lows in the spring, and the indexes for full-time and part-time employment returned to positive territory for the first time since February. 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 September 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<br>BUSINESS OUTLOOK SURVEY<br>September 2020        | September vs. August           |          |              |          |                    | Six Months from Now vs. September  |          |              |          |                    |
|--|--------------------------------|----------|--------------|----------|--------------------|--|----------|--------------|----------|--------------------|
|  | Previous<br>Diffusion<br>Index | Increase | No<br>Change | Decrease | Diffusion<br>Index | Previous<br>Diffusion<br>Index   | Increase | No<br>Change | Decrease | Diffusion<br>Index |
| What is your assessment of general business activity for the region? | 1.6                            | 32.6     | 42.7         | 24.7     | 8.0                | 19.7   | 54.2     | 19.6         | 20.4     | 33.7               |
| What is your assessment of general business activity for your firm?  | 17.9                           | 42.3     | 34.7         | 22.0     | 20.4               | 35.0   | 64.1     | 18.2         | 12.0     | 52.1               |
| Company Business Indicators  |                                |          |              |          |                    |  |          |              |          |                    |
| New Orders   | 11.6                           | 30.6     | 22.3         | 22.1     | 8.5                | <b>NOTES:</b><br>(1) Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease.<br>(2) All data are seasonally adjusted.<br>(3) Percentages may not sum to 100 percent because of rounding, omission by respondents, or both.<br>(4) Survey results reflect data received through September 17, 2020. |          |              |          |                    |
| Sales or Revenues  | 10.7                           | 36.3     | 25.6         | 26.5     | 9.8                |  |          |              |          |                    |
| Unfilled Orders  | 4.5                            | 9.0      | 23.3         | 8.0      | 1.0                |  |          |              |          |                    |
| Inventories  | -2.3                           | 10.5     | 15.3         | 10.1     | 0.4                |  |          |              |          |                    |
| Prices Paid  | 10.1                           | 24.1     | 58.9         | 7.0      | 17.1               |  |          |              |          |                    |
| Prices Received  | -6.3                           | 23.4     | 59.3         | 7.9      | 15.5               |  |          |              |          |                    |
| Number of Employees – Full-Time Permanent                            | -3.0                           | 19.6     | 64.8         | 14.5     | 5.1                |  |          |              |          |                    |
| Number of Employees – Part-Time, Temporary, and Contract             | -5.9                           | 15.4     | 66.5         | 7.4      | 8.0                |  |          |              |          |                    |
| Average Employee Workweek  | 13.2                           | 19.6     | 66.3         | 9.9      | 9.7                |  |          |              |          |                    |
| Wage and Benefit Costs   | 14.6                           | 22.5     | 64.2         | 9.3      | 13.1               |  |          |              |          |                    |
| Capital Expenditures – Physical Plant                                | -8.3                           | 15.5     | 48.1         | 12.6     | 2.9                |  |          |              |          |                    |
| Capital Expenditures – Equipment & Software                          | -4.5                           | 25.7     | 52.7         | 14.0     | 11.7               |  |          |              |          |                    |