

*Note: Survey responses were collected from October 6 to October 15.*

Nonmanufacturing activity in the region continued to expand this month, according to firms responding to the *Nonmanufacturing Business Outlook Survey*. The survey's current indicators for general activity, new orders, and sales/revenues remained positive, and the survey's index for full-time employment increased. Respondents expect overall improvement in conditions over the next six months.

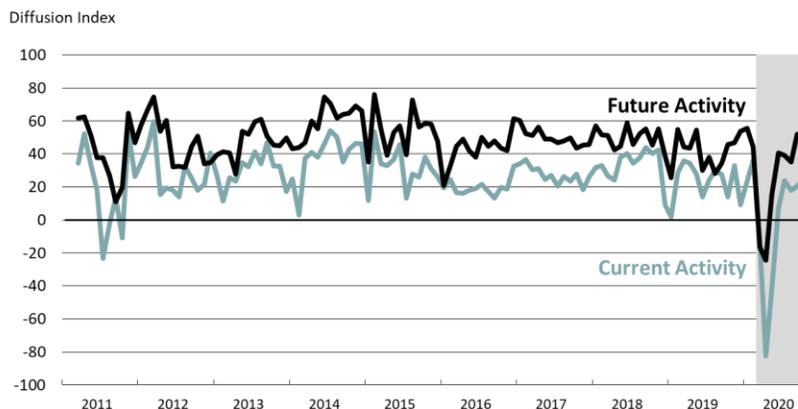
### Firms Report Continued Growth

The diffusion index for current general activity at the firm level rose from 20.4 in September to 25.3 in October, its fifth consecutive positive reading since reaching record lows in the spring (see Chart 1). Over 45 percent of the firms reported increases, while 20 percent reported decreases. The new orders index decreased for the third consecutive month but remained positive, falling 4 points to 4.8 in October. Nearly 22 percent of the firms reported increases (down from 31 percent last month), exceeding the 17 percent that reported decreases. The sales/revenues index rose 4 points to 14.2 in October. Over 36 percent of the firms reported increases in sales/revenues, while 22 percent reported decreases. The regional activity index rose 8 points to 16.0.

### Indicator for Full-Time Employment Strengthens

The firms reported overall increases in full-time and part-time employment for the second consecutive month, after six straight months of negative readings for both employment indicators. The full-time employment index increased for the sixth consecutive month, rising 11 points to 15.7. The share of firms reporting increases in full-time employment (29 percent) exceeded the share reporting decreases (13 percent); the majority (54 percent) reported no change. The part-time employment index decreased 6 points to 1.9. A majority of firms reported steady part-time employment (59 percent), while 16 percent of the firms reported increases and 14 percent reported decreases. The wages and benefits indicator fell 3 points to 10.4, and the average workweek index rose 11 points to 20.9.

**Chart 1. Current and Future General Activity Indexes for Firms**  
March 2011 to October 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 Continue to Report Overall Price Increases

Price indicator readings suggest overall increases in prices for inputs and prices for the firms' own goods and services, although increases in the latter were less widespread this month. The prices paid index was little changed at 17.9 in October (see Chart 2). Regarding prices for the firms' own goods and services, the prices received index was positive for the second consecutive month following five months of negative readings but fell 10 points to 5.2. Nearly 21 percent of the firms reported increases for their own goods, while 15 percent reported decreases.

### Firms Anticipate Continued Growth

Both future activity indexes suggest continued optimism about growth over the next six months. The diffusion index for future activity at the firm level decreased 5 points to a reading of 47.3 this month (see Chart 1). Nearly 61 percent of the firms expect an increase in activity at their firms over the

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The next *Nonmanufacturing Business Outlook Survey* will be released on November 24, 2020.



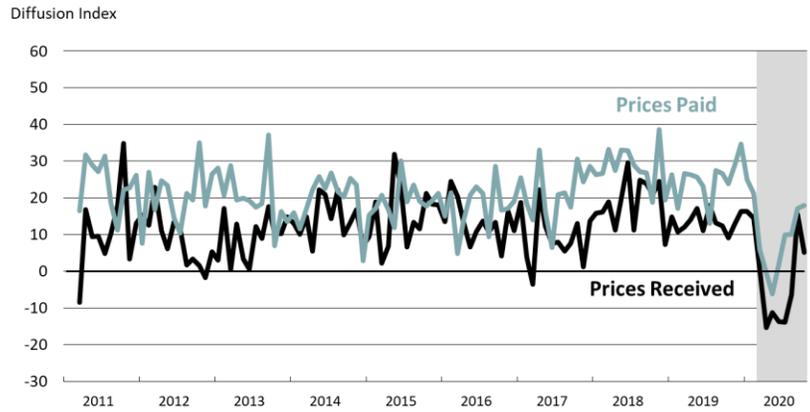
next six months, compared with 14 percent that expect decreases. The future regional activity index held steady at 33.6 in October.

### 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, new orders, and sales/revenues remained positive after reaching all-time lows in the spring, while the index for full-time employment improved. 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 October 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 October 2020	October vs. September					Six Months from Now vs. October				
	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?	8.0	35.2	39.6	19.1	16.0	33.7	51.9	21.8	18.3	33.6
What is your assessment of general business activity for your firm?	20.4	45.1	35.0	19.8	25.3	52.1	60.9	19.4	13.6	47.3
Company Business Indicators										
New Orders	8.5	21.7	26.7	16.8	4.8	<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 October 15, 2020.				
Sales or Revenues	9.8	36.2	28.5	22.0	14.2					
Unfilled Orders	1.0	8.1	24.9	4.1	4.0					
Inventories	0.4	4.8	19.6	8.0	-3.2					
Prices Paid	17.1	29.7	46.4	11.8	17.9					
Prices Received	15.5	20.6	54.3	15.3	5.2					
Number of Employees – Full-Time Permanent	5.1	28.7	54.0	13.0	15.7					
Number of Employees – Part-Time, Temporary, and Contract	8.0	16.3	58.7	14.4	1.9					
Average Employee Workweek	9.7	31.7	52.8	10.9	20.9					
Wage and Benefit Costs	13.1	20.6	63.9	10.2	10.4					
Capital Expenditures – Physical Plant	2.9	12.7	45.3	14.1	-1.3					
Capital Expenditures – Equipment & Software	11.7	23.3	53.8	11.1	12.2					