

Note: Survey responses were collected from January 11 to January 21.

Responses to the January *Nonmanufacturing Business Outlook Survey* suggest further weakening in nonmanufacturing activity in the region. The indexes for general activity at the firm level and sales/revenues both declined and posted negative readings. Although the indexes for new orders and full-time employment increased, readings for both remained low. 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.

Firm-Level General Activity Index Turns Negative

The diffusion index for current general activity at the firm level fell 19 points, from a revised reading of 5.0 in December to -14.3 in January, its first negative reading since May (see Chart 1).^{*} More than 37 percent of the firms reported decreases in activity (up from 28 percent last month), and 23 percent reported increases (down from 33 percent). The new orders index increased 10 points to 0.2 in January, as similar shares of firms reported increases and decreases (27 percent). The sales/revenues index decreased 4 points to -11.8 in January, its third consecutive negative reading. Nearly 25 percent of the responding firms reported increases in sales/revenues, while 37 percent reported decreases. The regional activity index rose 9 points to -17.5.

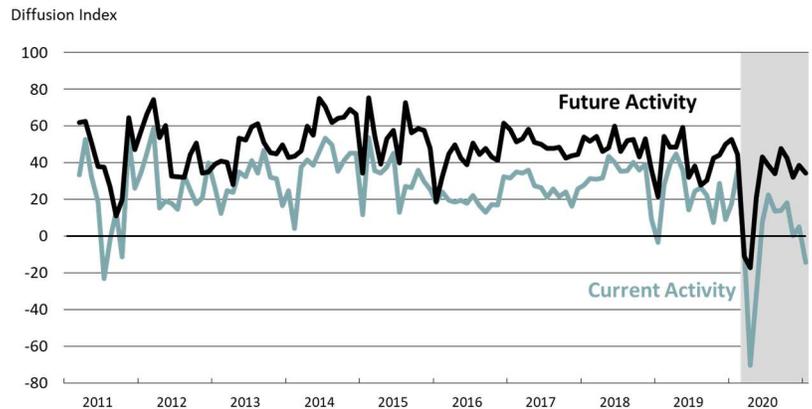
Full-Time Employment Rebounds into Positive Territory

The full-time employment index rose from a revised reading of -5.8 in December to 3.1 in January. Over 67 percent of the firms reported steady full-time employment levels, while the share of firms reporting increases (16 percent) was higher than the share reporting decreases (12 percent). The part-time employment index increased 8 points to -4.8, and the wages and benefits indicator increased 8 points to 16.4. The average workweek index edged up 2 points to 0.5.

Firms Continue to Report Overall Price Increases

The prices paid index rose 8 points to 23.3 (see Chart 2). Nearly 48 percent of the respondents reported stable input

Chart 1. Current and Future General Activity Indexes for Firms
March 2011 to January 2021



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.

prices, while 27 percent of the respondents reported increases, and only 3 percent reported decreases. Regarding prices for firms' own goods and services, the prices received index decreased from a revised reading of 9.5 in December to 1.2 in January. The share of firms reporting increases in prices received (8 percent) narrowly exceeded the share reporting decreases (7 percent). More than 65 percent of the firms reported no change in prices for their own goods and services.

Firms Continue to Anticipate Growth

Both future activity indexes suggest that firms continue to anticipate growth over the next six months. The diffusion index for future activity at the firm level declined from a revised reading of 38.5 in December to 34.3 this month (see Chart 1). Over 58 percent of the firms expect an increase in activity at their firms over the next six months, compared

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The next *Nonmanufacturing Business Outlook Survey* will be released on February 23, 2021.

^{*} The survey's annual historical revisions, which incorporate new seasonal adjustment factors, were released on January 19, 2021. See the [impact of revisions for 2020](#) or the full set of revised [historical data](#) on the Bank's website.



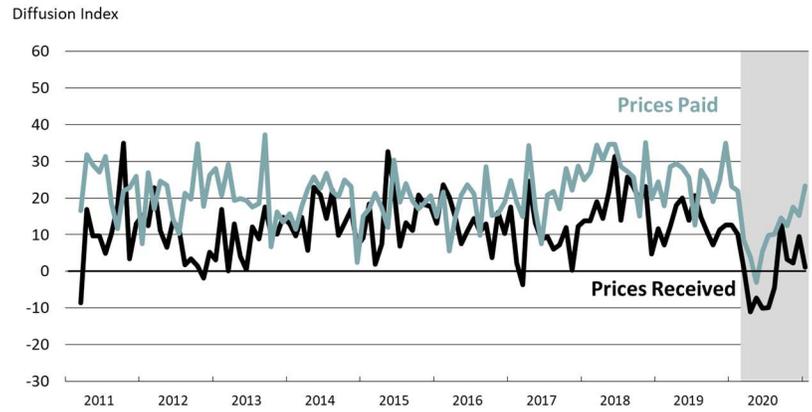
with 24 percent that expect decreases and 17 percent that expect no change. The future regional activity index increased 8 points to 34.3.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest weakness in non-manufacturing activity in the region. The indicators for firm-level general activity and sales/revenues both fell and posted negative readings this month. The indexes for new orders and full-time employment increased but remained low. 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 2021



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 2021	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?	-26.6	19.1	34.1	36.6	-17.5	25.9	55.2	20.2	20.9	34.3
What is your assessment of general business activity for your firm?	5.0	22.7	35.8	37.1	-14.3	38.5	58.3	17.1	24.0	34.3
Company Business Indicators										
New Orders	-9.5	26.9	28.1	26.7	0.2	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 21, 2021.				
Sales or Revenues	-7.6	24.7	34.2	36.5	-11.8					
Unfilled Orders	0.8	11.3	27.9	11.4	-0.1					
Inventories	-5.5	5.6	21.9	11.7	-6.0					
Prices Paid	15.3	26.7	47.9	3.3	23.3					
Prices Received	9.5	8.1	65.2	6.9	1.2					
Number of Employees – Full-Time Permanent	-5.8	15.6	67.2	12.4	3.1					
Number of Employees – Part-Time, Temporary, and Contract	-12.5	6.2	70.6	11.0	-4.8					
Average Employee Workweek	-1.8	12.6	67.6	12.1	0.5					
Wage and Benefit Costs	8.4	25.2	66.0	8.8	16.4					
Capital Expenditures – Physical Plant	-5.8	12.9	48.8	15.0	-2.1					
Capital Expenditures – Equipment & Software	6.4	26.1	50.2	15.4	10.7					