

*Note: Survey responses were collected from November 8 to November 18.*

Nonmanufacturing business activity expanded this month, according to the firms responding to the November *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, new orders, and sales/revenues all increased this month. The full- and part-time employment indexes remained positive, and the prices paid and prices received indexes remained near their all-time highs. The respondents expect overall improvement in conditions over the next six months, as both the firm- and regional-level future activity indexes rose.

### Current Indicators Improve

The diffusion index for current general activity at the firm level increased for the second consecutive month, rising 13 points to 47.0 in November (see Chart). The share of firms reporting increases (55 percent) exceeded the share of firms reporting decreases (8 percent). The new orders index rose 5 points to 19.2 this month. More than 33 percent of the firms reported increases in new orders, while 15 percent reported decreases. The sales/revenues index increased from 22.5 to 44.4. Over 62 percent of the firms reported increases in sales/revenues (up from 43 percent last month), while 18 percent reported decreases (down from 21 percent). The current regional activity index rose 13 points to 46.1 in November.

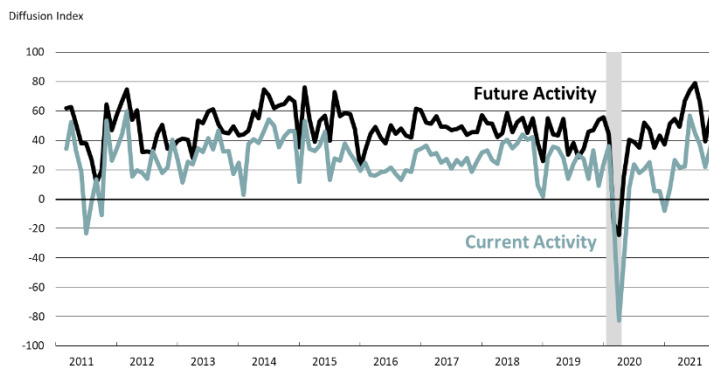
### Employment Indicators Remain Positive

The firms reported overall increases in both full- and part-time employment for the 10th consecutive month. The full-time employment index increased 3 points to 15.2. The share of firms reporting increases in full-time employment (24 percent) exceeded the share reporting decreases (9 percent); the majority of firms (61 percent) reported no change. The part-time employment index decreased 3 points to 13.2. Most firms (52 percent) reported steady part-time employment, while 23 percent of the firms reported increases and 10 percent reported decreases. The average workweek index edged down 1 point to 28.1.

### Firms Continue to Report Price Increases

Price indicator readings suggest overall increases in prices for inputs and the firms' own goods and services. The prices paid index edged down 1 point to 64.6 in November, remaining

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

close to its all-time high recorded last month. While most respondents (66 percent) reported increases in input prices, 2 percent of the firms reported decreases, and 23 percent reported stable prices. Regarding prices for the firms' own goods and services, the prices received index increased 6 points, reaching a new all-time high at 37.1 this month. Nearly 41 percent of the firms reported higher prices, compared with 4 percent that reported lower prices.

### Firms Expect Own Prices to Rise Slower Than Inflation

In this month's special questions, the firms were asked to forecast the changes in the prices of their own products and services and for U.S. consumers over the next four quarters (see Special Questions). Regarding their own prices, the firms' median forecast was for an increase of 4.0 percent, up from 3.8 percent when the question was last asked in August. Regarding the firms' own price change over the previous year, the median response was 3.0 percent, up from 2.0 percent in August. The firms expect their employee compensation costs (wages plus benefits per employee) to rise 5.0 percent over the next four quarters, up from 4.0 percent in August. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 5.0 percent, up

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from 4.5 percent in August. The firms' forecast for the long-run (10-year) inflation rate was 5.0 percent, unchanged from August.

### Future Indicators Remain Positive

Both firm- and regional-level future activity indexes suggest that the respondents expect overall improvement in nonmanufacturing activity over the next six months. The diffusion index for future activity at the firm level increased 12 points, from a reading of 54.4 in October to 66.7 this month (see Chart). Nearly 73 percent of the firms expect an increase in activity (up from 64 percent last month) at their firms over the next six months, compared with 6 percent that expect decreases (down from 10 percent). The future regional activity index edged up 1 point to 54.9 in November.

### 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, sales/revenues, and new orders all increased. The indexes for both full- and part-time employment remained positive, and price increases remain widespread. Overall, the respondents continue to expect growth over the next six months. ■

Special Questions (November 2021)		
Please list the annual percent change with respect to the following:		
	Current	Previous (August 2021)
<b>For your firm:</b>		
<i>Forecast for next year (2021Q4–2022Q4)</i>		
1. Prices your firm will receive (for its own goods and services sold).	4.0	3.8
2. Compensation your firm will pay per employee (for wages and benefits).	5.0	4.0
<i>Last year's price change (2020Q4–2021Q4)</i>		
3. Prices your firm did receive (for its own goods and services sold) over the last year.	3.0	2.0
<b>For U.S. consumers:</b>		
4. Prices U.S. consumers will pay for goods and services over the next year.	5.0	4.5
5. Prices U.S. consumers will pay for goods and services over the next 10 years (2021–2030).	5.0	5.0
The numbers represent medians of the individual forecasts (percent changes). For question 5, firms reported a 10-year annual-average change.		

NONMANUFACTURING BUSINESS OUTLOOK SURVEY November 2021	November vs. October					Six Months from Now vs. November				
	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?	33.4	54.7	36.7	8.6	46.1	53.8	65.3	24.2	10.5	54.9
What is your assessment of general business activity for your firm?	34.3	55.3	33.4	8.3	47.0	54.4	72.9	17.8	6.2	66.7
Company Business Indicators										
New Orders	14.6	33.7	28.9	14.5	19.2	<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 November 18, 2021.				
Sales or Revenues	22.5	62.3	14.7	17.9	44.4					
Unfilled Orders	17.1	20.2	17.3	8.3	11.9					
Inventories	-8.8	6.8	9.7	16.0	-9.2					
Prices Paid	65.5	66.3	23.2	1.7	64.6					
Prices Received	31.3	40.9	39.5	3.8	37.1					
Number of Employees – Full-Time Permanent	12.5	24.1	60.9	8.9	15.2					
Number of Employees – Part-Time, Temporary, and Contract	16.6	22.8	52.4	9.6	13.2					
Average Employee Workweek	29.0	31.3	58.6	3.2	28.1					
Wage and Benefit Costs	51.3	60.0	32.9	0.0	60.0					
Capital Expenditures – Physical Plant	24.1	24.4	47.6	1.6	22.8					
Capital Expenditures – Equipment & Software	31.7	43.6	48.3	0.0	43.6					