

Note: Survey responses were collected from March 7 to March 17.

Nonmanufacturing activity in the region expanded this month, according to the firms responding to the March *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, sales/revenues, new orders, and full-time employment all increased this month. The prices paid and prices received indexes edged down but remain elevated. The respondents continued to anticipate growth over the next six months.

Current Indexes Improve

The diffusion index for current general activity at the firm level rose from a reading of 27.5 in February to 38.1 this month (see Chart 1). More than 51 percent of the firms reported increases in activity (up from 39 percent last month), and 13 percent reported decreases. The new orders index increased 15 points to 31.0 in March. Nearly 41 percent of the firms reported increases in new orders (up from 29 percent last month), exceeding the 10 percent that reported decreases. The sales/revenues index also improved this month, increasing 4 points to 33.0. More than 45 percent of the responding firms reported increases in sales/revenues, while 12 percent reported decreases. The regional activity index rose 17 points to 32.4.

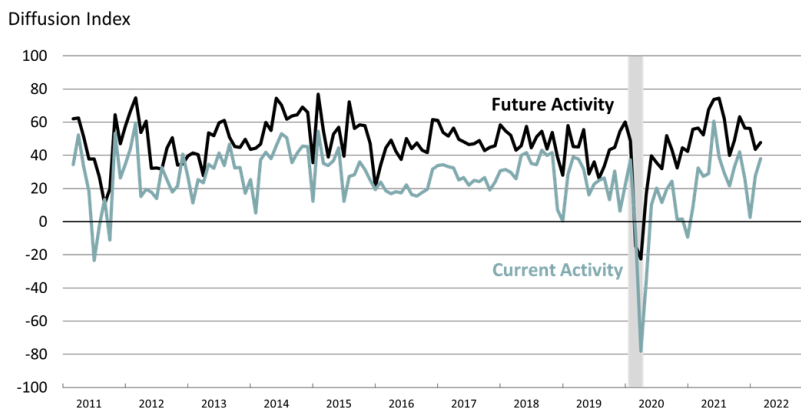
Employment Indicators Strengthen

The firms reported overall increases in full- and part-time employment this month. The full-time employment index rose 13 points to a reading of 23.3 in March, its highest reading since July 2021. More than 55 percent of the firms reported steady full-time employment levels, while the share of firms reporting increases (31 percent) was higher than the share reporting decreases (8 percent). The part-time employment index rose 9 points to 16.6.

Firms Continue to Report Overall Price Increases

The prices paid and prices received indexes declined this month but remain well above long-run averages. The prices paid index decreased 3 points to 65.7 (see Chart 2). Over 67 percent of the respondents reported higher input prices, 19

Chart 1. Current and Future General Activity Indexes for Firms
March 2011 to March 2022



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.

percent reported no change, and 2 percent reported decreases. Regarding prices for the firms' own goods and services, the prices received index also declined, dropping from 43.8 to 36.2. The share of firms reporting increases in prices received (37 percent) far exceeded the share reporting decreases (1 percent). Most of the firms (46 percent) reported no change in prices for their own goods and services.

Firms Report Higher Sales/Revenues and Constraints

In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the first quarter ending this month compared with the fourth quarter of 2021 (see Special Questions on page 3). The share of firms reporting expected increases in first-quarter sales/revenues (60 percent) was greater than the share reporting decreases (24 percent). The firms were also asked about factors constraining business operations in the current quarter. Most firms indicated labor supply and supply chains as constraints to some degree (86 percent and 83 percent, respectively). Just over 56 percent of the respondents cited energy markets as a constraint in the current quarter. Looking ahead over the next

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The next *Nonmanufacturing Business Outlook Survey* will be released on April 26, 2022.



three months, most firms expect the impacts of labor supply and supply chains on business operations to stay the same or worsen, and 73 percent expect the impacts from energy markets to worsen.

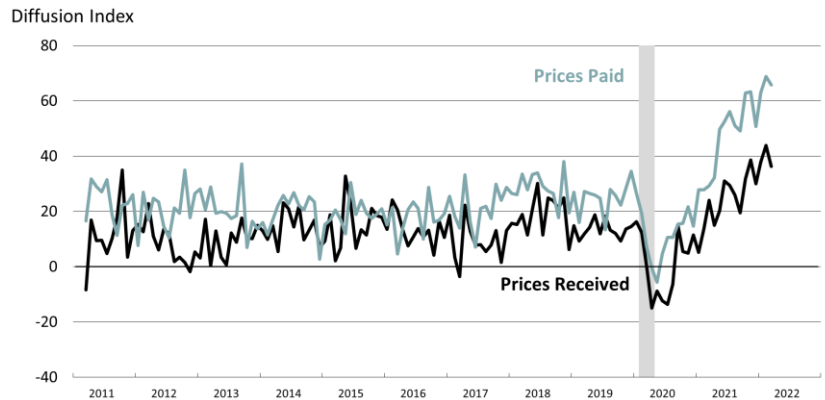
Firms Continue to Anticipate Growth

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 rose from a reading of 43.5 in February to 47.7 this month (see Chart 1). Over 59 percent of the firms expect an increase in activity at their firms over the next six months, compared with 12 percent that expect decreases and 25 percent that expect no change. The future regional activity index increased 6 points to 38.7.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest more widespread nonmanufacturing activity in the region. The indicators for firm-level general activity, new orders, sales/revenues, and full-time employment all rose. Both price indexes remained elevated. Overall, the responding firms 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 March 2022



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 March 2022	March vs. February					Six Months from Now vs. March				
	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?	15.9	45.9	34.8	13.5	32.4	33.0	54.8	23.7	16.1	38.7
What is your assessment of general business activity for your firm?	27.5	51.3	28.3	13.2	38.1	43.5	59.2	25.3	11.5	47.7
Company Business Indicators										
New Orders	16.3	40.6	25.2	9.6	31.0	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 because of rounding, omission by respondents, or both. (4) Survey results reflect data received through March 17, 2022.				
Sales or Revenues	29.5	45.1	40.0	12.0	33.0					
Unfilled Orders	6.2	12.7	31.6	5.6	7.2					
Inventories	0.7	5.9	24.2	10.3	-4.4					
Prices Paid	68.8	67.3	19.3	1.7	65.7					
Prices Received	43.8	37.4	46.0	1.3	36.2					
Number of Employees – Full-Time Permanent	10.8	30.8	55.4	7.5	23.3					
Number of Employees – Part-Time, Temporary, and Contract	8.1	23.8	58.2	7.2	16.6					
Average Employee Workweek	15.6	24.2	67.7	4.4	19.7					
Wage and Benefit Costs	50.5	55.9	38.2	0.3	55.7					
Capital Expenditures – Physical Plant	14.9	28.5	41.5	1.9	26.6					
Capital Expenditures – Equipment & Software	30.1	38.1	43.3	1.8	36.3					

NBOS SPECIAL QUESTIONS

Special Questions (March 2022)		
1. How will your firm's total sales/revenues for the first quarter of 2022 compare with that of the fourth quarter of 2021 ?		
An increase of:	% of firms	Subtotals
10% or more	18.2	% of firms reporting an increase: 60.0
5–10%	16.4	
0–5%	25.5	
No change	16.4	
A decline of:		
0–5%	12.7	% of firms reporting a decrease: 23.6
5–10%	5.5	
10% or more	5.5	

	2. In the current quarter , to what degree have the following factors acted as constraints on business operations?				3. Over the next three months , how do you expect the impacts of the following factors as constraints on business operations to change?		
	Not at all (%)	Slightly (%)	Moderately (%)	Significantly (%)	Worsen (%)	Stay the same (%)	Improve (%)
COVID-19 mitigation measures	32.3	41.9	12.9	12.9	0.0	27.1	72.9
Energy markets	43.5	25.8	16.1	14.5	73.3	23.3	3.3
Financial capital	67.2	21.3	11.5	0.0	22.4	72.4	5.2
Labor supply	14.3	34.9	27.0	23.8	30.0	51.7	18.3
Supply chains	16.7	33.3	28.3	21.7	43.1	41.4	15.5
Other factors	50.0	28.1	12.5	9.4	20.0	73.3	6.7