

Note: Survey responses were collected from June 6 to June 15.

Nonmanufacturing activity in the region expanded this month, according to the firms responding to the June *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 increased, with the prices paid index reaching a new all-time high. The respondents continued to anticipate growth over the next six months.

Current Indexes Remain Positive

The diffusion index for current general activity at the firm level edged up from a reading of 22.8 in May to 24.7 this month (see Chart 1). More than 46 percent of the firms reported increases in activity, and 21 percent reported decreases. The new orders index increased 12 points, from near neutral to 15.5 this month, more than recovering its decline in May. Over 33 percent of the firms reported increases in new orders (up from 23 percent last month), exceeding the 18 percent that reported decreases (little changed). The sales/revenues index also improved this month, increasing 18 points to 26.2. More than 47 percent of the responding firms reported increases in sales/revenues, while 21 percent reported decreases. However, the regional activity index dropped 19 points to 4.6.

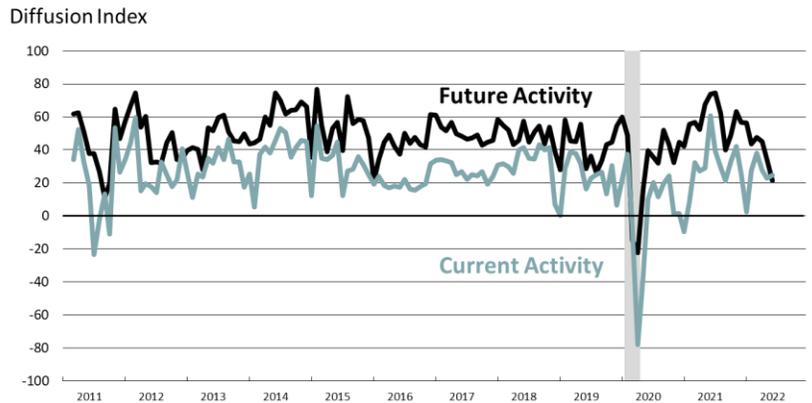
Employment Indicators Strengthen

The firms reported overall increases in full- and part-time employment this month. The full-time employment index rose 12 points to a reading of 27.7 in June, its highest reading since March 2019. The share of firms reporting increases (33 percent) was higher than the share reporting decreases (5 percent). More than 58 percent of the firms reported steady full-time employment levels. The part-time employment index rose 7 points to 21.7.

Firms Continue to Report Overall Price Increases

The prices paid and prices received indexes increased this month. The prices paid index recorded a new all-time high, increasing 7 points to 80.0 (see Chart 2). Eighty percent of the

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

respondents reported higher input prices, 16 percent reported no change, and none reported decreases. Regarding prices for the firms' own goods and services, the prices received index increased from 30.6 to 33.6. The share of firms reporting increases in prices received (38 percent) exceeded the share reporting decreases (5 percent). More than 48 percent of the firms 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 second quarter ending this month compared with the first quarter of 2022 (see Special Questions on page 3). The share of firms reporting expected increases in second-quarter sales/revenues (63 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 (84 percent), supply chains (79 percent), and energy markets (73 percent) as constraints to some degree. Looking ahead over the next three months, 56

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



percent and 42 percent of the firms expect labor supply impacts and supply chain impacts, respectively, to stay the same, while 59 percent expect energy market impacts to worsen.

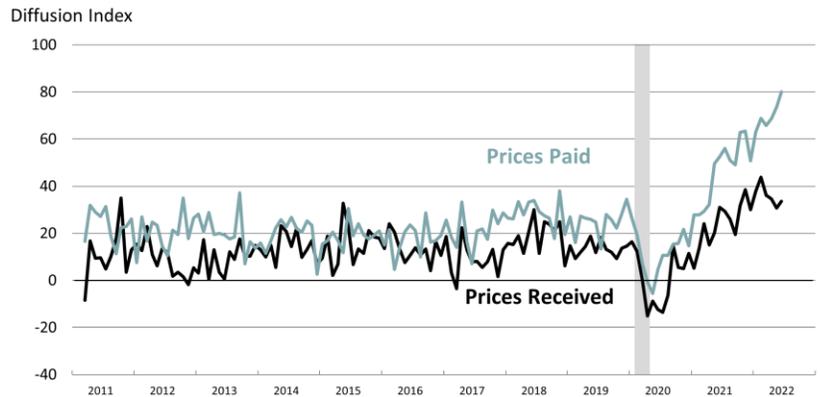
Firms Continue to Anticipate Growth

Both future activity indexes declined but continue to suggest that firms anticipate growth over the next six months. The diffusion index for future activity at the firm level fell from a reading of 34.2 in May to 21.2 this month (see Chart 1). Over 46 percent of the firms expect an increase in activity at their firms over the next six months, compared with 25 percent that expect decreases and 27 percent that expect no change. The future regional activity index fell sharply but remained positive, declining 23 points to 7.8.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest expansion in 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 remain above long-run averages. Although the future indexes declined, the responding firms continue to expect growth over the next six months overall. ■

Chart 2. Prices Paid and Prices Received Indexes
March 2011 to June 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 June 2022	June vs. May					Six Months from Now vs. June				
	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?	23.4	30.9	38.4	26.3	4.6	30.3	35.2	34.9	27.3	7.8
What is your assessment of general business activity for your firm?	22.8	46.1	28.3	21.4	24.7	34.2	46.2	26.5	25.1	21.2
Company Business Indicators										
New Orders	3.9	33.1	24.5	17.6	15.5	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 June 15, 2022.				
Sales or Revenues	8.1	47.3	28.2	21.1	26.2					
Unfilled Orders	12.4	9.8	28.6	9.6	0.1					
Inventories	6.4	5.8	21.9	11.0	-5.2					
Prices Paid	73.5	80.0	15.6	0.0	80.0					
Prices Received	30.6	38.2	48.3	4.6	33.6					
Number of Employees – Full-Time Permanent	15.3	32.8	58.3	5.1	27.7					
Number of Employees – Part-Time, Temporary, and Contract	15.1	25.6	56.3	4.0	21.7					
Average Employee Workweek	15.6	24.5	70.3	2.3	22.2					
Wage and Benefit Costs	56.8	60.7	37.5	0.2	60.5					
Capital Expenditures – Physical Plant	22.1	23.7	49.4	6.1	17.6					
Capital Expenditures – Equipment & Software	38.0	39.5	47.4	6.2	33.2					

Special Questions (June 2022)		
1. How will your firm's total sales/revenues for the second quarter of 2022 compare with that of the first quarter of 2022 ?		
An increase of:	% of firms	Subtotals
10% or more	14.8	% of firms reporting an increase: 63.0
5–10%	9.3	
0–5%	38.9	
No change	13.0	
A decline of:		
0–5%	11.1	% of firms reporting a decrease: 24.1
5–10%	7.4	
10% or more	5.6	

	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	42.9	44.6	7.1	5.4	8.6	69.0	22.4
Energy markets	26.8	32.1	25.0	16.1	58.6	32.8	8.6
Financial capital	61.4	24.6	8.8	5.3	46.4	53.6	0.0
Labor supply	15.8	35.1	26.3	22.8	27.1	55.9	16.9
Supply chains	20.7	20.7	41.4	17.2	38.6	42.1	19.3
Other factors	60.7	17.9	7.1	14.3	17.9	78.6	3.6