

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

Nonmanufacturing activity in the region expanded this month, according to the firms responding to the September *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, sales/revenues, and new orders increased this month, with the former two returning to positive territory. The index for full-time employment decreased but remained positive. The prices paid and prices received indexes indicate more widespread increases in prices. 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 rebounded from a reading of -0.1 in August to 19.5 this month (see Chart 1). Almost 43 percent of the firms reported increases in activity (up from 29 percent last month), and 23 percent reported decreases (down from 29 percent). The new orders index increased 5 points but remained negative at -1.1 this month. The share of firms reporting decreases (25 percent) narrowly exceeded the share of firms reporting increases (24 percent). The sales/revenues index also improved this month, rising 20 points to 18.2, its first increase since June. More than 47 percent of the responding firms reported increases in sales/revenues, while 29 percent reported decreases. The regional activity index increased 6 points to 2.5.

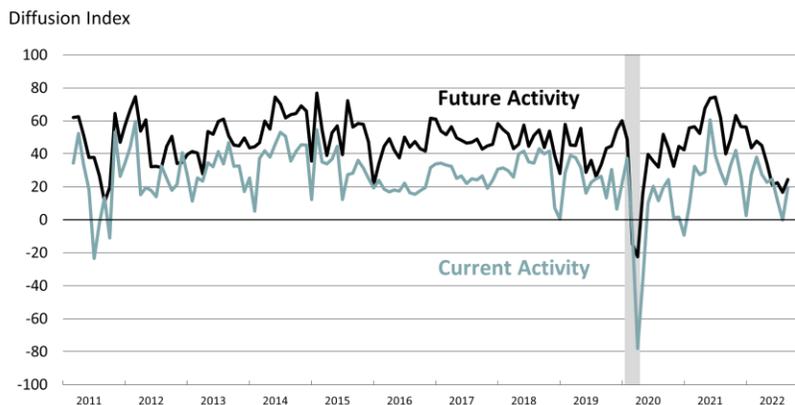
Employment Indicators Remain Positive but Low

The firms reported overall increases in full- and part-time employment this month. The full-time employment index declined 5 points to a reading of 12.6 in September, slightly below its long-run nonrecession average. More than 59 percent of the firms reported steady full-time employment levels. The share of firms reporting increases (23 percent) was higher than the share reporting decreases (10 percent). The part-time employment index was little changed at 1.0.

Firms Continue to Report Overall Price Increases

The prices paid and prices received indexes increased this month. The prices paid index increased 11 points to 71.0, its

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

highest reading since June (see Chart 2). Almost 74 percent of the respondents reported higher input prices, 17 percent reported no change, and 3 percent reported decreases. Regarding prices for the firms' own goods and services, the prices received index increased from 17.8 to 32.0. The share of firms reporting increases in prices received (39 percent) exceeded the share reporting decreases (7 percent). Most firms (45 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 third quarter ending this month compared with the second quarter of 2022 (see Special Questions on page 3). The share of firms reporting expected increases in third-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 (83 percent), supply chains (76 percent),

Released September 20, 2022, at 8:30 a.m. ET.

The next *Nonmanufacturing Business Outlook Survey* will be released on October 25, 2022.



and energy markets (65 percent) as constraints to some degree. Looking ahead over the next three months, 48 percent and 54 percent of the firms expect labor supply impacts and supply chain impacts to stay the same, respectively, while 43 percent of the firms expect financial markets to worsen.

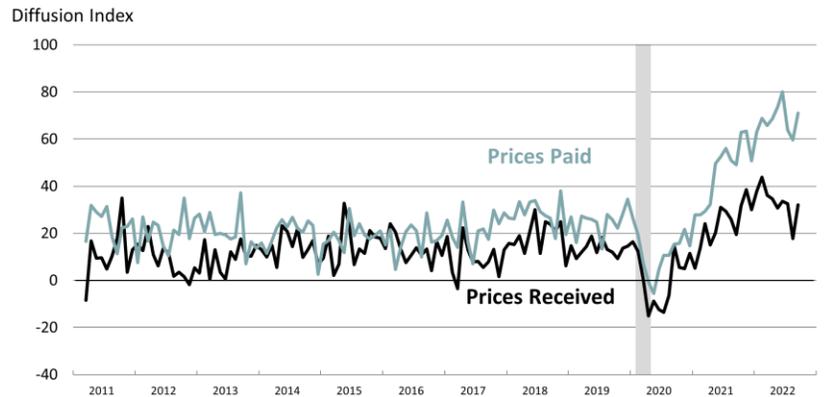
Firms Continue to Anticipate Growth

The future activity indexes suggest firms expect growth at their own companies and in the region over the next six months. The diffusion index for future activity at the firm level increased from a reading of 16.7 in August to 24.5 this month (see Chart 1). Over 49 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 23 percent that expect no change. The future regional activity index remained positive but edged down 1 point to 2.0.

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 and sales/revenues rose notably, while the full-time employment index declined but continued to indicate overall increases. Both price indexes increased this month

Chart 2. Prices Paid and Prices Received Indexes
March 2011 to September 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.

and remained elevated. The responding firms continue to expect growth over the next six months overall. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY September 2022	September vs. August					Six Months from Now vs. September				
	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?	-3.7	29.7	41.2	27.2	2.5	3.2	35.2	26.1	33.1	2.0
What is your assessment of general business activity for your firm?	-0.1	42.7	34.2	23.1	19.5	16.7	49.3	23.4	24.8	24.5
Company Business Indicators										
New Orders	-5.9	23.6	30.3	24.7	-1.1	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 September 15, 2022.				
Sales or Revenues	-2.1	47.4	18.9	29.2	18.2					
Unfilled Orders	1.8	16.3	24.1	6.4	9.9					
Inventories	-10.8	9.3	15.9	17.4	-8.2					
Prices Paid	59.6	73.6	16.7	2.6	71.0					
Prices Received	17.8	38.9	44.7	6.9	32.0					
Number of Employees – Full-Time Permanent	17.2	22.6	59.4	10.0	12.6					
Number of Employees – Part-Time, Temporary, and Contract	1.3	10.0	66.7	9.0	1.0					
Average Employee Workweek	13.0	24.4	62.8	9.7	14.6					
Wage and Benefit Costs	51.6	49.2	47.1	0.0	49.2					
Capital Expenditures – Physical Plant	25.4	26.2	41.3	8.2	18.0					
Capital Expenditures – Equipment & Software	25.8	33.8	43.1	10.2	23.5					

Special Questions (September 2022)		
1. How will your firm's total sales/revenues for the third quarter of 2022 compare with that of the second quarter of 2022 ?		
An increase of:	% of firms	Subtotals
10% or more	17.3	% of firms reporting an increase: 60.4
5–10%	15.5	
0–5%	27.6	
No change	15.5	
A decline of:		
0–5%	10.3	% of firms reporting a decrease: 24.0
5–10%	5.2	
10% or more	8.5	

	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	57.1	36.5	6.3	0.0	11.9	67.8	20.3
Energy markets	34.9	33.3	14.3	17.5	40.0	36.7	23.3
Financial capital	60.3	23.8	12.7	3.2	43.1	55.2	1.7
Labor supply	17.2	28.1	26.6	28.1	33.9	48.4	17.7
Supply chains	24.2	36.4	16.7	22.7	17.5	54.0	28.6
Other factors	60.0	20.0	13.3	6.7	12.0	84.0	4.0