

Note: Survey responses were collected from April 10 to April 20.

Responses to the April *Nonmanufacturing Business Outlook Survey* suggest continued weakening in nonmanufacturing activity in the region. The indexes for general activity at the firm level, sales/revenues, and new orders all declined. Both price indexes remain somewhat elevated, and the respondents continue to anticipate growth over the next six months at their own firms.

Current Indexes Decline

The diffusion index for current general activity at the firm level declined from a reading of -0.1 in March to -16.2 this month (see Chart 1). Nearly 47 percent of the responding firms reported no change in general activity (up from 37 percent last month), while 18 percent of the firms reported increases (down from 31 percent) and 34 percent reported decreases (up from 31 percent last month). The index for sales/revenues fell from a reading of 10.3 to -2.9 this month, and the new orders index fell 9 points to -23.9. Almost 12 percent of the firms reported increases in new orders, 30 percent reported no change, and 36 percent reported decreases. The regional activity index fell 10 points to -22.8.

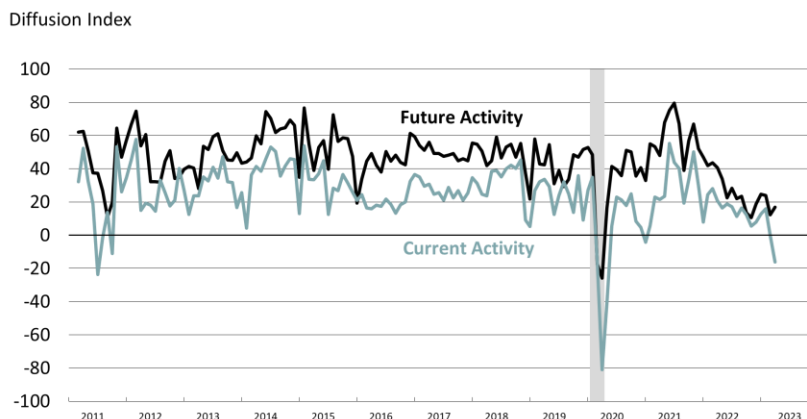
Firms Report Overall Increases in Full-Time Employment

The full-time employment index increased 8 points to 11.5 in April. More than 58 percent of the firms reported steady full-time employment levels (down from 71 percent last month), 25 percent of the responding firms reported increases this month (up from 16 percent last month), and 14 percent of the firms reported decreases (up slightly from 13 percent last month). The part-time employment index edged up 3 points but remained negative at -4.2, and the average workweek index fell 8 points to 1.0.

Respondents Continue to Report Overall Price Increases

The prices paid index declined 2 points to 35.7 (see Chart 2). Thirty-eight percent of the respondents reported increases in their input prices, while 2 percent reported decreases. Almost 50 percent of the respondents reported stable input prices. Regarding prices for the firms' own goods and services, the prices received index edged up from a reading of 18.1 in

Chart 1. Current and Future General Activity Indexes for Firms
March 2011 to April 2023



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.

March to 20.7 in April. The share of firms reporting increases in prices received (26 percent) exceeded the share reporting decreases (5 percent). Almost 56 percent of the firms reported steady prices for their own goods and services.

Firms Expect Cost Increases in Most Categories

In special questions this month, the firms were asked about changes in wages and compensation over the past three months, as well as their expected changes to various input and labor costs for 2023 (see Special Questions on page 3). More than 49 percent of the firms indicated wages and compensation costs had increased over the past three months, 46 percent reported no change, and 5 percent reported decreases. Most of the firms reported not adjusting their 2023 budgets for wages and compensation since the beginning of the year. Meanwhile, 27 percent of the firms indicated they are planning to increase wages and compensation by more than originally planned, and 9 percent of the firms indicated they are planning to increase wages and compensation sooner than originally planned. The firms still expect higher costs across most categories of expenses in 2023, and the median expected changes were in line with or lower than expectations

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from when this question was last asked in January. The firms expect total compensation (wages plus benefits) to increase by a median of 4 to 5 percent, lower than the 5 to 7.5 median percent increase expected in January. The median expected change for health benefits remained the same at 4 to 5 percent. Similarly, the median expected changes for energy and for wages were unchanged at 3 to 4 percent.

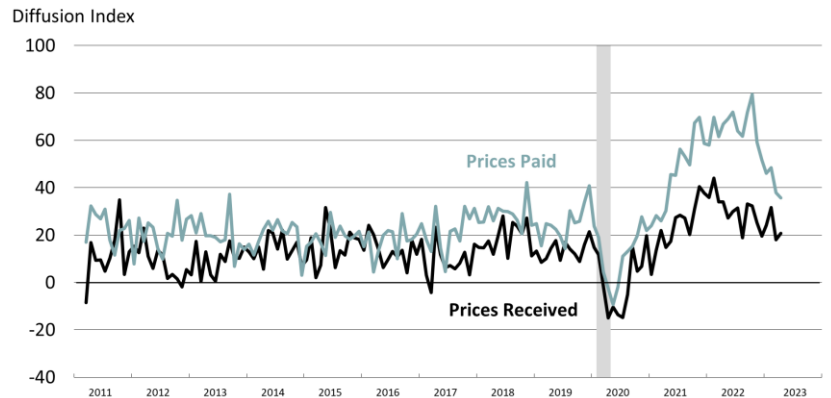
Firms Anticipate Growth at Their Own Firms

The future activity index increased and continues to suggest that firms anticipate growth over the next six months overall. The diffusion index for future activity at the firm level increased from a reading of 12.3 in March to 16.8 this month (see Chart 1). More than 42 percent of the respondents expect an increase in activity at their firms over the next six months, compared with 26 percent that expect decreases and 30 percent that expect no change. The future regional activity index decreased 7 points to -10.9.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest continued weakening in nonmanufacturing activity in the region. The indicators for firm-level general activity, new orders, and sales/revenues all declined. The firms continued to report overall increases in

Chart 2. Prices Paid and Prices Received Indexes
March 2011 to April 2023



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 and full-time employment. The respondents continue to expect growth over the next six months at their own firms. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY April 2023	April vs. March					Six Months from Now vs. April				
	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?	-12.8	9.9	50.8	32.7	-22.8	-3.5	22.5	40.4	33.4	-10.9
What is your assessment of general business activity for your firm?	-0.1	17.5	46.8	33.7	-16.2	12.3	42.4	30.0	25.5	16.8
Company Business Indicators										
New Orders	-15.4	11.9	30.2	35.8	-23.9	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 April 20, 2023.				
Sales or Revenues	10.3	27.7	39.5	30.6	-2.9					
Unfilled Orders	-4.2	5.9	26.4	10.4	-4.5					
Inventories	-3.0	9.8	20.8	8.5	1.3					
Prices Paid	37.9	38.0	49.7	2.4	35.7					
Prices Received	18.1	26.1	55.9	5.4	20.7					
Number of Employees – Full-Time Permanent	3.2	25.3	58.4	13.8	11.5					
Number of Employees – Part-Time, Temporary, and Contract	-6.8	8.9	72.9	13.1	-4.2					
Average Employee Workweek	8.8	16.6	64.9	15.6	1.0					
Wage and Benefit Costs	25.1	42.0	53.7	2.4	39.7					
Capital Expenditures – Physical Plant	7.7	14.4	50.7	9.5	4.9					
Capital Expenditures – Equipment & Software	20.1	25.9	55.7	7.1	18.8					


 NBOS SPECIAL QUESTIONS
Special Questions (April 2023)**1. How have wages and compensation changed at your firm over the past three months?**

	Percent (%)
Increased	49.2
No change	46.0
Decreased	4.8

2. Since the beginning of the year, have you adjusted your budget for wages and compensation for 2023?*

	Percent (%)
Yes, and we are planning to increase wages and compensation by more than originally planned.	26.5
Yes, and we are planning to increase wages and compensation sooner than originally planned.	8.8
No, we have not needed to make adjustments.	63.2
Other	2.9

*Percentages do not sum to 100 because more than one option could be selected.

3. What percentage change in costs do you now expect for the following categories over all of 2023?*

	Energy (%)	Other Raw Materials (%)	Intermediate Goods (%)	Wages (%)	Health Benefits (%)	Nonhealth Benefits (%)	Wages + Health Benefits + Nonhealth Benefits (%)
Decline of more than 1%	9.8	3.2	3.4	3.6	1.9	0.0	3.8
No change	23.5	41.9	44.8	20.0	15.4	50.0	17.3
Increase of 1–2%	7.8	3.2	3.4	0.0	1.9	4.2	0.0
Increase of 2–3%	3.9	9.7	6.9	14.5	11.5	16.7	11.5
Increase of 3–4%	7.8	6.5	6.9	18.2	7.7	16.7	11.5
Increase of 4–5%	21.6	12.9	13.8	23.6	21.2	4.2	17.3
Increase of 5–7.5%	11.8	12.9	6.9	16.4	15.4	8.3	15.4
Increase of 7.5–10%	3.9	0.0	0.0	1.8	17.3	0.0	7.7
Increase of 10–12.5%	3.9	3.2	6.9	1.8	3.8	0.0	5.8
Increase of more than 12.5%	5.9	6.5	6.9	0.0	3.8	0.0	9.6
Median Expected Change	3–4%	2–3%	1–2%	3–4%	4–5%	-1–1%	4–5%
Median Expected Change (January)	3–4%	3–4%	3–4%	3–4%	4–5%	2–3%	5–7.5%

**The firms responded to more detailed changes than shown in the provided ranges.