

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

Nonmanufacturing activity in the region continued to expand overall this month, according to the firms responding to the June *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, new orders, and sales/revenues all increased. The full-time employment index moved up and suggests increases in employment. Both price indexes remained near long-run averages and continued to indicate overall increases in prices. Optimism was more widespread, and the firms continue to expect growth over the next six months at their own firms and in the region.

Current Indicators Are Positive

The diffusion index for current general activity at the firm level increased from a reading of 7.3 in May to 15.1 this month (see Chart 1). More than 39 percent of the firms reported increases, while 24 percent reported decreases; 34 percent reported no change in activity. The new orders index increased from -5.1 to 6.7. Almost 21 percent of the firms reported increases in new orders (up from 19 percent), while 14 percent reported decreases (down from 24 percent). The sales/revenues index rose 3 points to 14.3. More than 36 percent of the firms reported increases, and 22 percent of the firms reported decreases in sales/revenues. The regional activity index rose 4 points to 2.9 this month.

Firms Report Overall Increases in Employment

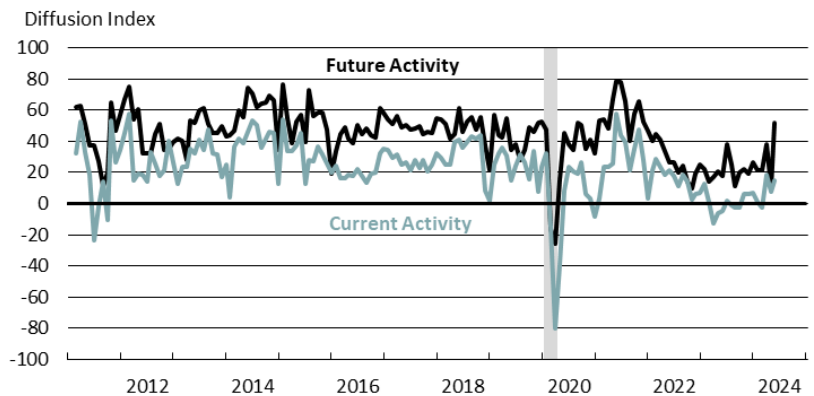
The full-time employment index increased from 3.5 to 14.6 in June. Almost 25 percent of the firms reported increases in full-time employment, while 10 percent reported decreases; 64 percent of the firms reported no change. Similarly, the part-time employment index increased from 1.1 to 13.1. Most firms (65 percent) reported steady part-time employment, while the share of firms reporting increases (21 percent) exceeded the share reporting decreases (8 percent). The average workweek index edged up from 8.3 to 9.8.

Firms Continue to Report Overall Price Increases

Price indicator readings continue to suggest increases in input prices and prices for the firms' own goods and services, on

Chart 1. Current and Future General Activity Indexes

January 2011 to June 2024



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.

balance, and are in line with long-run averages. The prices paid index edged down to 24.4 (see Chart 2). More than 31 percent of the respondents reported higher input prices, while 7 percent reported decreases; 46 percent reported no change. Regarding prices for the firms' own goods and services, the prices received index rose from 5.2 to 16.6. Almost 25 percent of the firms reported increases in their own prices, while 8 percent reported decreases; 55 percent reported no change.

Firms Report Higher Sales/Revenues

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 2024; they were also asked about factors constraining business operations (see Special Questions on page 3). The share of firms reporting expected increases in second-quarter sales/revenues (63 percent) exceeded the share reporting decreases (19 percent). Over 71 percent of the firms reported labor supply as at least a slight constraint on business operations, up slightly from 67 percent in March. More than 44 percent of the firms reported financial capital as at least a slight constraint in the current quarter, down from 61 percent in March. Over the next three months, most of the firms expect the impacts of various factors to stay

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The next *Nonmanufacturing Business Outlook Survey* will be released on July 23, 2024.



the same. However, while 21 percent of the firms expect labor supply impacts to worsen (unchanged from March), 32 percent expect impacts to improve (up from 13 percent).

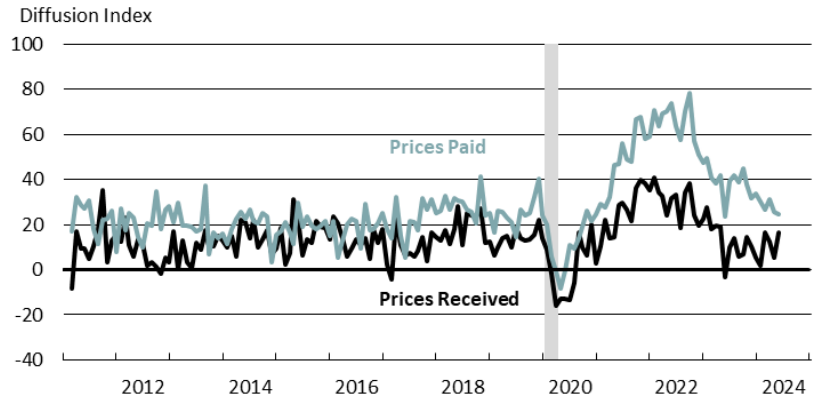
Firms Anticipate Growth

The future general activity indexes suggest more widespread expectations for growth over the next six months. The diffusion index for future general activity at the firm level increased 42 points to 52.1 (see Chart 1). More than 65 percent of the firms expect an increase in activity at their firms over the next six months, 13 percent expect decreases, and 21 percent of the firms expect no change. The future regional activity index rose 39 points to 44.7.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest nonmanufacturing activity continued to expand in the region. The indicators for firm-level general activity, new orders, and sales/revenues all increased this month. The full- and part-time employment indexes suggest overall increases in employment. The indexes for prices paid and prices received remained near long-run

Chart 2. Current Prices Paid and Prices Received Indexes
January 2011 to June 2024



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.

averages. Expectations for growth over the next six months at individual firms and in the region overall were more widespread. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY June 2024	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?	-0.6	28.2	46.5	25.3	2.9	6.1	57.6	25.8	12.9	44.7
What is your assessment of general business activity for your firm?	7.3	39.1	33.9	24.0	15.1	10.2	65.4	21.2	13.4	52.1
Company Business Indicators										
New Orders	-5.1	20.8	39.7	14.1	6.7	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 20, 2024.				
Sales or Revenues	11.4	36.3	38.9	22.0	14.3					
Unfilled Orders	-3.5	15.3	36.5	4.8	10.5					
Inventories	1.8	9.8	26.4	2.4	7.5					
Prices Paid	25.8	31.1	45.9	6.7	24.4					
Prices Received	5.2	24.9	54.8	8.3	16.6					
Number of Employees – Full-Time Permanent	3.5	24.7	63.8	10.2	14.6					
Number of Employees – Part-Time, Temporary, and Contract	1.1	20.7	65.2	7.6	13.1					
Average Employee Workweek	8.3	24.9	56.1	15.0	9.8					
Wage and Benefit Costs	41.4	27.6	65.2	0.0	27.6					
Capital Expenditures – Physical Plant	9.8	7.9	62.9	0.0	7.9					
Capital Expenditures – Equipment & Software	15.4	24.5	63.7	0.0	24.5					

NBOS SPECIAL QUESTIONS

Special Questions (June 2024)		
1. How will your firm's total sales/revenues for the second quarter of 2024 compare with that of the first quarter of 2024 ?		
An increase of:	% of firms	Subtotals
10% or more	18.3	% of firms reporting an increase: 63.0
5–10%	7.4	
0–5%	37.3	
No change	18.5	
A decline of:		
0–5%	3.7	% of firms reporting a decrease: 18.5
5–10%	11.1	
10% or more	3.7	

	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	92.9	7.1	0.0	0.0	0.0	76.9	23.1
Energy markets	71.4	21.4	3.6	3.6	10.7	71.4	17.9
Financial capital	55.6	18.5	11.1	14.8	14.3	60.7	25.0
Labor supply	28.6	42.9	25.0	3.6	21.4	46.4	32.1
Supply chains	60.7	39.3	0.0	0.0	6.9	72.4	20.7
Other factors	89.5	10.5	0.0	0.0	0.0	94.4	5.6

