

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest that expansion in local nonmanufacturing sectors continued in April. The survey's indicators for general activity remained high, and indicators for new orders and sales or revenues improved on last month's readings. Responding firms continue to be optimistic about activity over the next six months.

Nonmanufacturing Activity Continued to Expand

The diffusion index for current activity at the firm level was little changed at 43.6 in April (see Chart 1). Fifty-nine percent of the respondents reported an increase in activity in April, exceeding the 15 percent who reported a decrease. Firms perceived increasing activity, on balance, for the region as well. The regional general activity index decreased but remained high, at 41.0. The percentage of firms reporting increases in the region (46 percent) exceeded the percentage reporting decreases (5 percent); however, the highest percentage of firms reported no change in regional conditions from last month (49 percent).

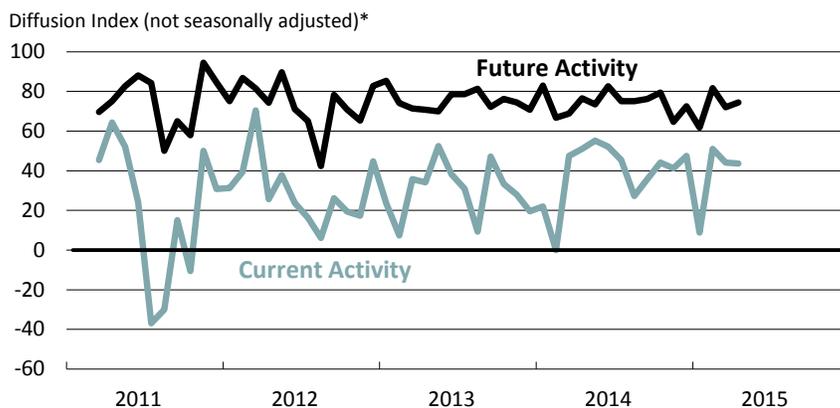
New Orders and Sales or Revenues Remained Positive

The new orders and sales/revenues indexes continued to grow this month. The new orders index rose from 30.2 in March to 35.9 in April. Slightly more than 10 percent of the firms reported decreases in new orders this month, down from 19 percent last month, while 46 percent of the respondents reported increases this month. The sales/revenues index also increased, from 34.9 to 38.5, as the share of firms reporting decreases fell from 23 percent last month to 13 percent this month. Further, more than 51 percent of the firms reported increases in sales or revenues.

Labor Market Indicators Grew

Survey results suggest generally positive labor market conditions, as firms continued to report increases in hiring and hours, on net. The full-time employment index increased for the second consecutive month, rising 2 points to 23.1, and sits at its highest reading since July 2014. The percentage of firms reporting increases in full-time staff (31 percent) exceeded the percentage of firms reporting decreases (8 percent). The part-time employment index decreased from 25.6 in March to 23.1 in April, and the workweek index was essentially unchanged at 23.1.

Chart 1. Current and Future General Activity Indexes for Firms (March 2011 to April 2015)



* Percentage of respondents indicating an increase minus percentage indicating a decrease

Price Pressures Moderated Somewhat

The prices of inputs continued to increase for firms in April, on balance, but the prices paid index decreased 5 points, to 17.9, as fewer firms reported increases in prices this month compared with last month. The percentage of respondents reporting increases in input prices (23 percent) exceeded the percentage of respondents reporting decreases (5 percent), and most respondents (62 percent) reported no change. The prices received for firms' own goods index stabilized in April after falling sharply in March, rising 3 points, to 5.1. More than 56 percent of the respondents reported no change in prices received, and the share reporting increases (18 percent) exceeded the share reporting decreases (13 percent).

Firms Increased Capital Expenditures

Firms continued to report increases, on net, in capital expenditures this month, and both spending indexes improved from last month's readings. The index for expenditures on physical plant increased 3 points, to 5.1, but remains below levels in 2014 (see Chart 2). The percentage of respondents reporting increases (18 percent) exceeded the percentage reporting decreases (13 percent); the majority of respondents (46 percent) reported no change. Firms reported more spending on equipment and software: One-third of the respondents reported increases, up from 26 percent last month. The equipment and software expenditures index rose 7 points, to 25.6.



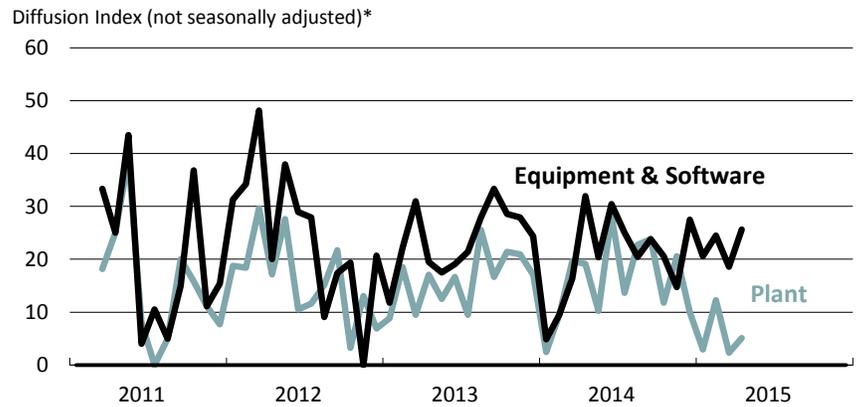
Firms Expect Future Activity to Increase

Responding firms continued to be optimistic about activity over the next six months. Index readings for both future activity indicators increased slightly from last month's readings. The firm-level future general activity index edged up 2 points, to 74.4 (see Chart 1). Nearly 77 percent of the firms expect activity at their own firms to increase over the next six months, far exceeding the 3 percent who expect activity six months from now to decrease. The future activity index for the region also showed a slight increase to 82.1, as more than 84 percent of the respondents expect activity in the region to increase.

Summary

The April *Nonmanufacturing Business Outlook Survey* results suggest that activity in the region among nonmanufacturing firms continued to grow. Indicators for general activity at both the company and regional levels, new orders, sales/revenues, and employment remained high. Firms remained optimistic about future growth. ■

Chart 2. Capital Expenditure Indexes
(March 2011 to April 2015)



* Percentage of respondents indicating an increase minus percentage indicating a decrease

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The May *Nonmanufacturing Business Outlook Survey* will be released on May 26, 2015, at 10:00 a.m. ET.

NONMANUFACTURING BUSINESS OUTLOOK SURVEY April 2015	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?	48.8	46.2	48.7	5.1	41.0	79.1	84.6	5.1	2.6	82.1
What is your assessment of general business activity for your firm?	44.2	59.0	25.6	15.4	43.6	72.1	76.9	10.3	2.6	74.4
Company Business Indicators										
New Orders	30.2	46.2	15.4	10.3	35.9					
Sales or Revenues	34.9	51.3	35.9	12.8	38.5					
Unfilled Orders	0.0	10.3	25.6	5.1	5.1					
Inventories	4.7	12.8	25.6	0.0	12.8					
Prices Paid	23.3	23.1	61.5	5.1	17.9					
Prices Received	2.3	17.9	56.4	12.8	5.1					
Number of Employees – Full-Time Permanent	20.9	30.8	61.5	7.7	23.1					
Number of Employees – Part-Time, Temporary, and Contract	25.6	30.8	56.4	7.7	23.1					
Average Employee Workweek	23.3	30.8	61.5	7.7	23.1					
Wage and Benefit Costs	32.6	33.3	61.5	5.1	28.2					
Capital Expenditures – Physical Plant	2.3	17.9	46.2	12.8	5.1					
Capital Expenditures – Equipment & Software	18.6	33.3	48.7	7.7	25.6					

NOTES:

- (1) Items may not add up to 100 percent because of omission by respondents.
- (2) Data are not seasonally adjusted.
- (3) Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease.
- (4) Survey results reflect data received through April 16, 2015.