

According to firms responding to this month's *Nonmanufacturing Business Outlook Survey*, the pace of regional nonmanufacturing activity in June was effectively unchanged from the prior month. The survey's indicators for employment rose, while the indicators for new orders were effectively unchanged, and indicators for sales fell. The future activity indicators were also relatively steady and show that the responding firms remain highly optimistic about activity increasing in the region over the next six months.

### Nonmanufacturing Activity Remains High

The diffusion index for current activity at the firm level stands at 51.4 in June, falling less than a full point from its May reading (see Chart 1). Almost 60 percent of the respondents reported increasing activity at their own firms this month, down from 68 percent last month, but the percentage reporting decreasing activity also fell — from 16 percent in May to 8 percent in June. The diffusion index for current activity for the region was effectively unchanged at 54.1, as a majority of the responding firms continued to report increasing general activity in the region. Both indexes are significantly above their historical averages (31.6 for general activity at the firm level; 24.8 for general activity in the region).

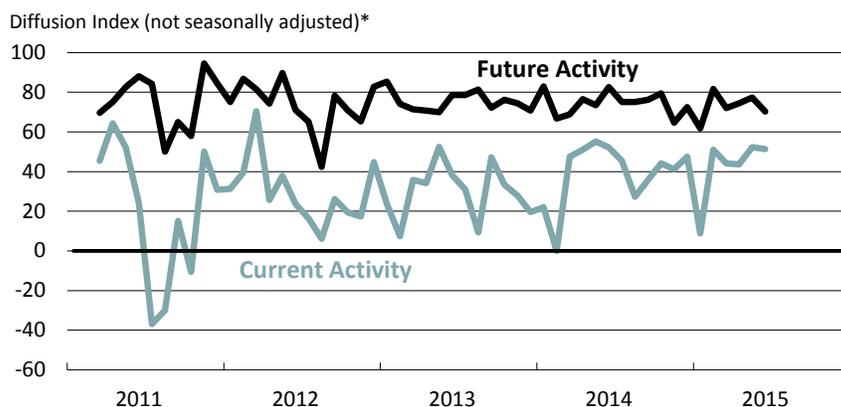
### New Orders and Sales Are Mixed But Remain High

The new orders index was almost unchanged and stands at 27.0 in June (see Chart 2 on the next page). Nearly 41 percent of the firms reported increases in new orders. The sales/revenues index fell 11 points to 32.4, however. For this indicator, the percentage of firms reporting increases in sales or revenues declined from 61 percent in May to 54 percent in June. Nonetheless, both the new orders and sales/revenue indexes are above their historical averages (21.5 for new orders; 24.8 for sales/revenue).

### Employment Conditions Strengthen

Responses to the survey indicate strengthening conditions for labor market demand in June. The full-time employment index rose 11 points, to 24.3, in June, as the percentage of respondents reporting increases to full-time staff levels rose from 27 percent last month to 35 percent this month. The part-time employment index also increased, from 27.3 in May to 32.4 in June.

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



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

The workweek index decreased 4 points, however, to 18.9 in June.

### Firms Report Higher Prices Paid

The prices paid index rose 24 points, to 35.1. This index is above its historical average of 20.9 but is also highly volatile. The percentage of respondents reporting increases in prices paid rose from 20 percent in May to 38 percent in June, and the percentage of respondents reporting decreases fell from 9 percent to 3 percent. Fewer firms reported decreases in prices received this month, as the prices paid index dropped 4 points, to 32.4, in June. The share of firms reporting no change in prices received stands at roughly 51 percent.

### Spending on Equipment and Software Decreased

The share of firms reporting increases in capital expenditures for equipment and software fell this month, and the corresponding diffusion index declined 6 points to 18.9. The index for capital expenditures on physical plant fell 2 points, to 16.2, but the share of firms reporting increased capital expenditures held relatively steady at 24 percent.

### Optimism About the Future Is High

Respondents to the survey remain highly optimistic about future activity over the next six months. At the individual firm level, there was a 7-point decline in the future activity diffusion index

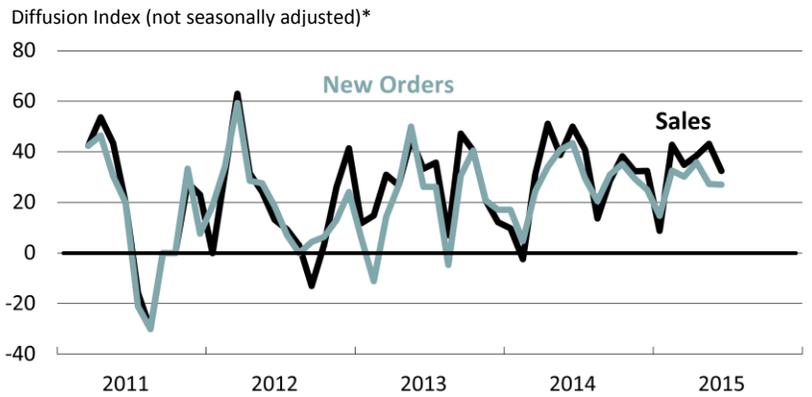


to 70.3, but a large majority (76 percent) of the respondents expect higher activity for their firms over the next six months, and only 5 percent expect lower activity. Nearly 84 percent of the respondents foresee increasing activity in the region, and the corresponding future activity index for the region rose 2 points to 81.1.

**Summary**

Results from the June *Nonmanufacturing Business Outlook Survey* suggest continued expansion in the region among nonmanufacturing firms. Index readings for general activity at both the company and regional levels remain high, and firms are optimistic about future growth. ■

**Chart 2. New Orders and Sales Indexes**  
(March 2011 to June 2015)



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

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The July *Nonmanufacturing Business Outlook Survey* will be released on July 21, 2015, at 10:00 a.m. ET.

NONMANUFACTURING BUSINESS OUTLOOK SURVEY June 2015	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?	54.5	59.5	35.1	5.4	54.1	79.5	83.8	5.4	2.7	81.1
What is your assessment of general business activity for your firm?	52.3	59.5	32.4	8.1	51.4	77.3	75.7	2.7	5.4	70.3
Company Business Indicators										
New Orders	27.3	40.5	24.3	13.5	27.0	<b>NOTES:</b> (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 June 18, 2015.				
Sales or Revenues	43.2	54.1	21.6	21.6	32.4					
Unfilled Orders	6.8	18.9	24.3	8.1	10.8					
Inventories	11.4	10.8	18.9	5.4	5.4					
Prices Paid	11.4	37.8	48.6	2.7	35.1					
Prices Received	36.4	37.8	51.4	5.4	32.4					
Number of Employees – Full-time Permanent	13.6	35.1	48.6	10.8	24.3					
Number of Employees – Part-time, Temporary, and Contract	27.3	40.5	51.4	8.1	32.4					
Average Employee Workweek	22.7	35.1	43.2	16.2	18.9					
Wage and Benefit Costs	43.2	37.8	59.5	2.7	35.1					
Capital Expenditures – Physical Plant	18.2	24.3	48.6	8.1	16.2					
Capital Expenditures – Equipment & Software	25.0	24.3	59.5	5.4	18.9					