

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest that regional nonmanufacturing activity improved somewhat but remained subdued in August. The current activity indexes improved from last month but remain below levels from the first half of the year. Firms also reported increases in new orders, sales, and employment, overall. Responding firms remain highly optimistic about activity increasing in the region and in their own firms over the next six months.

### Nonmanufacturing Activity Remains Subdued

The diffusion index for current activity at the firm level showed improvement after falling sharply in July, rising 5 points, to 7.7, in August (see Chart 1). The increase in the index was due more to fewer respondents reporting decreases: The percentage of firms reporting decreases in activity declined from 38 percent in July to 28 percent in August; nearly 36 percent of the firms reported increases in August. Similarly, the diffusion index for current activity for the region increased from 8.1 to 15.4, as a smaller percentage of firms reported decreasing activity. Both indexes remain below readings seen earlier this year.

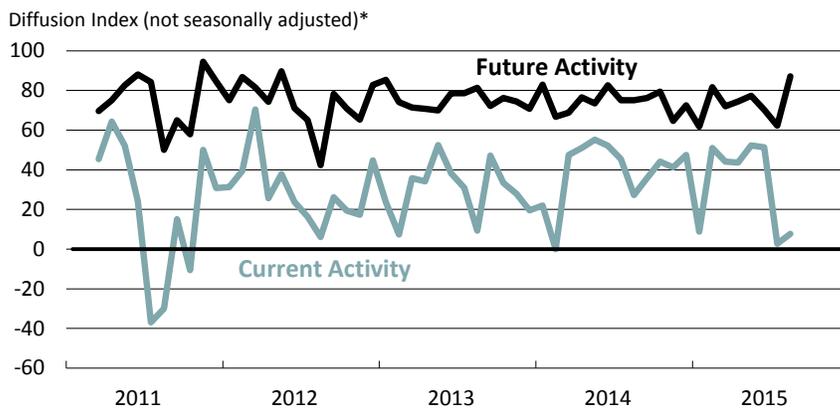
### New Orders and Sales Show Improvement

After dropping to negative readings last month, both the new orders and sales/revenue indexes returned to positive territory in August. The new orders index increased from -5.4 to 10.3. The percentage of firms reporting increases (26 percent) exceeded the percentage of firms reporting decreases (15 percent). Firms' responses suggest improved sales or revenue: The share of respondents reporting increases grew from 22 percent last month to 36 percent this month, while the share reporting decreases fell from 43 percent to 31 percent. The sales/revenue index increased from -21.6 in July to 5.1 in August.

### Firms Hire More Full-Time Employees

Responses to the survey indicate positive conditions for labor market demand in August, overall. The full-time employment index rose 10 points, to 15.4, as the percentage of respondents reporting increases to full-time staff levels rose from 16 percent last month to 28 percent this month (see Chart 2). The part-time employment index registered its second consecutive negative

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



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

reading, edging down from -2.7 in July to -5.1 in August. Twenty-three percent of the firms reported decreases in part-time staff, exceeding the 18 percent of the firms that reported increases. The workweek index increased 10 points, to 10.3, in August.

### Firms Report Slightly Higher Prices

The prices paid index rose 4 points, to 23.1. Although 64 percent of the firms reported no change in prices paid, 23 percent reported increases, and none of the respondents reported decreases. The prices received index also increased this month, from 5.4 to 10.3. A similar percentage of firms reported increases this month (15 percent) as did last month (16 percent), but the percentage of firms reporting decreases declined from 11 percent to 5 percent. Nearly 62 percent of the firms reported no change in prices received.

### Capital Spending Remains Mostly Steady

Firms continued to report overall increases in spending for physical plant and equipment and software, and each index edged up 2 points, to 12.8 and 7.7, respectively. More than 15 percent of the respondents reported increases in plant spending compared with 3 percent that reported decreases. While a majority of the firms reported no change in expenditures for equipment and software (59 percent), the share of firms reporting increases (13 percent) exceeded the share reporting decreases (5 percent).



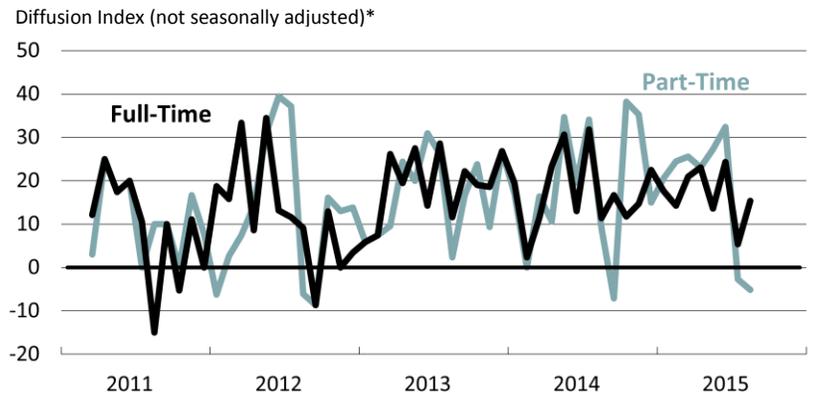
### Optimism for Firm-Level Activity Improves

Respondents to the survey remain highly optimistic about future activity over the next six months. The future activity index at the firm level rose 25 points to 87.2, its highest reading since May 2012. Nearly 90 percent of the respondents, up from 68 percent last month, expect activity to increase at their firms. Although the future activity index for the region edged down 2 points, to 79.5, respondents remained very optimistic, with 82 percent of the firms expecting activity to increase.

### Summary

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

**Chart 2. Employment Indexes**  
(March 2011 to August 2015)



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

Released August 25, 2015, at 10:00 a.m. ET.  
The September *Nonmanufacturing Business Outlook Survey* will be released on September 22, 2015, at 10:00 a.m. ET.

NONMANUFACTURING BUSINESS OUTLOOK SURVEY August 2015	August vs. July					Six Months from Now vs. August				
	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?	8.1	35.9	41.0	20.5	15.4	81.1	82.1	10.3	2.6	79.5
What is your assessment of general business activity for your firm?	2.7	35.9	35.9	28.2	7.7	62.2	89.7	5.1	2.6	87.2
Company Business Indicators										
New Orders	-5.4	25.6	30.8	15.4	10.3					
Sales or Revenues	-21.6	35.9	28.2	30.8	5.1					
Unfilled Orders	-2.7	10.3	20.5	5.1	5.1					
Inventories	-2.7	10.3	20.5	5.1	5.1					
Prices Paid	18.9	23.1	64.1	0.0	23.1					
Prices Received	5.4	15.4	61.5	5.1	10.3					
Number of Employees – Full-time Permanent	5.4	28.2	56.4	12.8	15.4					
Number of Employees – Part-time, Temporary, and Contract	-2.7	17.9	56.4	23.1	-5.1					
Average Employee Workweek	0.0	20.5	61.5	10.3	10.3					
Wage and Benefit Costs	24.3	28.2	66.7	5.1	23.1					
Capital Expenditures – Physical Plant	10.8	15.4	43.6	2.6	12.8					
Capital Expenditures – Equipment & Software	5.4	12.8	59.0	5.1	7.7					

**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 August 20, 2015.