

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest that regional nonmanufacturing activity continued to improve in September. Readings for current activity at both the regional and firm levels, new orders, and sales were positive and increased from last month. Responding firms continue to be highly optimistic about business activity in the region and in their own firms over the next six months.

### Nonmanufacturing Activity Improved

The diffusion index for current activity at the firm level increased for the second consecutive month, rising 19 points, to 26.8 (see Chart 1). More than 46 percent of the respondents reported increasing activity, exceeding the 20 percent who reported decreasing activity. The firm-level current activity index remains slightly below its historical average of 30.5. The diffusion index for current activity for the region also increased in September, from 15.4 to 29.3, and is currently slightly higher than its historical average of 24.4.

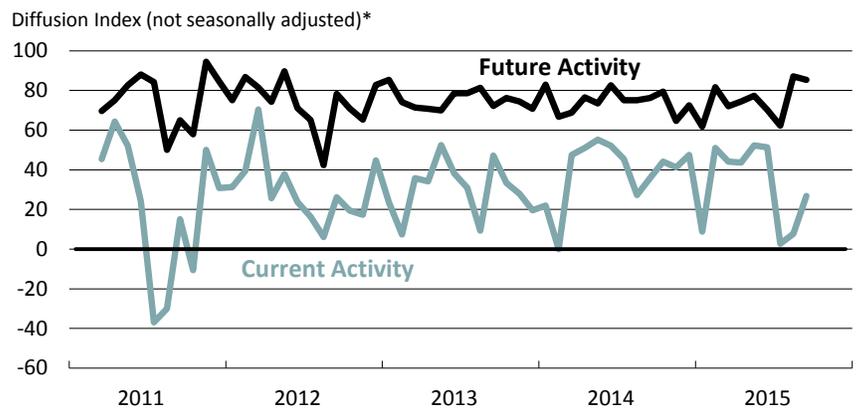
### New Orders and Sales Strengthened

The new orders and sales/revenues indexes both increased for the second consecutive month in September, suggesting increased demand for firms' goods and services. The new orders index increased 12 points, to 22.0. A higher percentage of firms reported increases this month (39 percent) compared with last month (26 percent). The sales/revenues index also increased this month, from 5.1 to 34.1. The share of respondents reporting increases grew from 36 percent last month to 51 percent this month, while the share reporting decreases fell from 31 percent to 17 percent.

### Employment Conditions Held Steady

Survey results suggest steady conditions for labor market demand in September, overall. The full-time employment index decreased 11 points but remained positive at a reading of 4.9. The share of firms reporting increases in full-time staff (22 percent) exceeded the share of firms reporting decreases (17 percent); most firms (61 percent) reported steady employment levels. The part-time employment index returned to positive territory after two consecutive months of negative readings, increasing from -5.1 in August to 12.2 in September. Twenty-nine percent of the firms reported increases in part-time staff, exceeding

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



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

the 17 percent of the firms that reported decreases. The work-week index also increased 7 points, to 17.1, in September.

### Price Pressures Moderated Somewhat

The prices paid index decreased from 23.1 in August to 12.2 in September (see Chart 2). The percentage of firms reporting increases in input prices this month (15 percent) was lower than the percentage of firms reporting increases last month (23 percent). The majority of firms (71 percent) reported no change in prices from last month. The prices received index also decreased this month, from 10.3 to 7.3. The percentage of firms reporting increases in prices for their goods and services (20 percent) exceeded the percentage of firms reporting decreases (12 percent). Nearly 59 percent of the firms reported no change in prices received.

### Firms Reported More Spending for Equipment and Software

Firms continued to report overall increases in capital spending, particularly on equipment and software. The index for equipment and software spending rose 17 points, to 24.4. More than 29 percent of the respondents reported increases in equipment and software spending, up from 13 percent last month. The index for capital spending on physical plant edged up from 12.8 to 14.6. The percentage of firms reporting increases in plant spending (20 percent) exceeded the percentage of firms reporting decreases (5 percent).



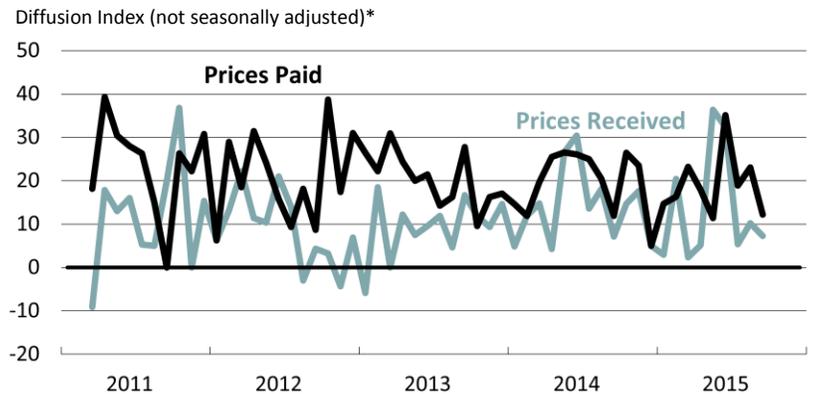
### Optimism for Future Activity Remained High

Respondents to the survey continue to be highly optimistic about future activity over the next six months. The future activity index at the firm level edged down 2 points, to 85.4. Nearly 88 percent of the respondents expect activity to increase at their firms, compared with 2 percent who expect a decrease. The future activity index for the region edged up 1 point, to 80.5, as 81 percent of the firms expect regional activity to increase.

### Summary

Results from the September *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, new orders, and sales increased from last month, and firms are optimistic about future growth. ■

**Chart 2. Current Price Indexes**  
(March 2011 to September 2015)



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

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The October *Nonmanufacturing Business Outlook Survey* will be released on October 20, 2015, at 10:00 a.m. ET.

NONMANUFACTURING BUSINESS OUTLOOK SURVEY September 2015	September vs. August					Six Months from Now vs. September				
	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?	15.4	46.3	34.1	17.1	29.3	79.5	80.5	9.8	0.0	80.5
What is your assessment of general business activity for your firm?	7.7	46.3	29.3	19.5	26.8	87.2	87.8	4.9	2.4	85.4
Company Business Indicators										
New Orders	10.3	39.0	26.8	17.1	22.0					
Sales or Revenues	5.1	51.2	26.8	17.1	34.1					
Unfilled Orders	5.1	4.9	29.3	4.9	0.0					
Inventories	5.1	7.3	17.1	2.4	4.9					
Prices Paid	23.1	14.6	70.7	2.4	12.2					
Prices Received	10.3	19.5	58.5	12.2	7.3					
Number of Employees – Full-time Permanent	15.4	22.0	61.0	17.1	4.9					
Number of Employees – Part-time, Temporary, and Contract	-5.1	29.3	51.2	17.1	12.2					
Average Employee Workweek	10.3	34.1	46.3	17.1	17.1					
Wage and Benefit Costs	23.1	39.0	56.1	4.9	34.1					
Capital Expenditures – Physical Plant	12.8	19.5	51.2	4.9	14.6					
Capital Expenditures – Equipment & Software	7.7	29.3	51.2	4.9	24.4					

#### 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 September 17, 2015.