

Regional nonmanufacturing activity remained positive in October, according to firms responding to this month's *Nonmanufacturing Business Outlook Survey*. Indicators for firm-level current activity, new orders, and employment improved from last month. Though readings for sales and regional activity fell, they remained positive. Responding firms continue to be highly optimistic about business activity in the region and in their own firms over the next six months.

Half of the Firms Reported Increases in Activity

The diffusion index for current activity at the firm level increased from 26.8 to 37.5 in October (see Chart 1), marking its third consecutive increase. Fifty percent of the respondents reported an increase in activity. Furthermore, the share of firms reporting a decrease in activity this month (13 percent) was smaller than the share of firms reporting a decrease last month (20 percent). Responding firms had a slightly less positive assessment of regional conditions. A majority of the respondents (53 percent) reported no change, while the percentage of firms reporting increases (33 percent) exceeded the percentage of firms reporting decreases (15 percent). The diffusion index for current activity for the region decreased 12 points, to 17.5.

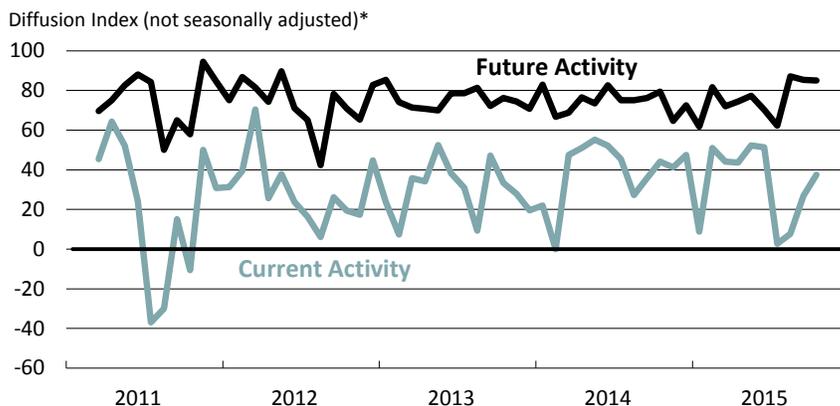
New Orders Improved, While Sales Fell Somewhat

The new orders index increased for the third consecutive month in October, suggesting continued demand for firms' goods and services. The new orders index rose 8 points, to 30.0 (see Chart 2). The percentage of firms reporting increases (43 percent) exceeded the percentage of firms reporting decreases (13 percent). The sales/revenues index fell 17 points, to 17.5, but remained positive. A smaller percentage of respondents reported increases this month (38 percent) compared with last month (51 percent), and 40 percent of the firms reported no change in sales or revenues.

Employment Conditions Strengthened

Survey results suggest that conditions for labor market demand improved in October, overall. The full-time employment index rose 15 points, to 20.0, its highest reading since June. Thirty percent of the firms reported increases in full-time staff, up from 22 percent last month. A majority of firms (60 percent) reported

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



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

steady employment levels. The part-time employment index remained positive and increased slightly to 15.0. Twenty-eight percent of the firms reported increases in part-time staff, exceeding the 13 percent of the firms that reported decreases. The workweek index edged up 3 points, to 20.0, in October.

Firms Reported Higher Prices Overall

The prices paid index increased from 12.2 in September to 17.5 in October. The percentage of firms reporting increases in input prices this month (20 percent) was larger than the percentage of firms reporting decreases (3 percent). Nearly 63 percent of the firms reported no change in prices, down from 71 percent last month. Firms also reported increases in prices for their own goods and services. The prices received index rose from 7.3 to 22.5. The percentage of firms reporting increases in prices for their goods and services (28 percent) exceeded the percentage of firms reporting decreases (5 percent). Fifty-five percent of the firms reported no change in prices received.

Overall Increases in Capital Spending Continued

The index for physical plant spending rose 5 points, to 20.0. More than 22 percent of the respondents reported increases in plant spending, exceeding the 3 percent of respondents who reported decreases. The index for capital spending on equipment and software fell from 24.4 to 15.0. The percentage of firms reporting increases (23 percent) still exceeded the percentage of firms reporting decreases (8 percent); a majority of



the respondents (63 percent) reported steady equipment and software expenditures.

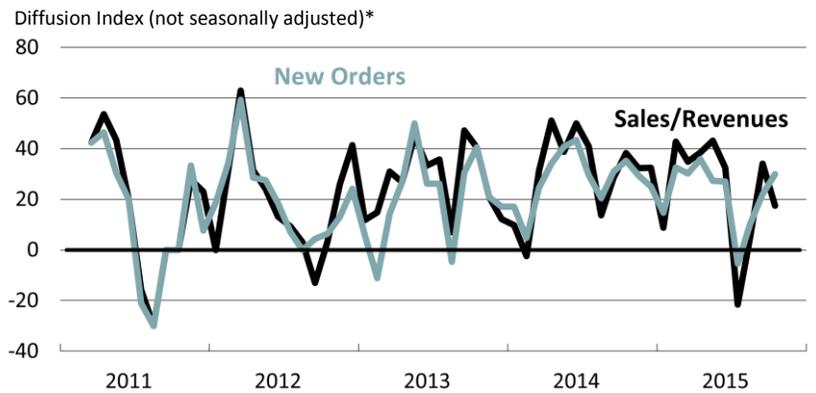
Optimism for Future Activity Remained High

Respondents to the survey continued to be highly optimistic about future activity over the next six months. The firm-level future activity index was nearly unchanged at 85.0. Eighty-five percent of the respondents expect activity to increase at their firms. The regional future activity index registered an identical reading, increasing 5 points from last month.

Summary

Results from the October *Nonmanufacturing Business Outlook Survey* suggest continued expansion in the region among nonmanufacturing firms. Index readings for firm-level general activity, new orders, and full-time employment increased from last month, and firms remain optimistic about future growth. ■

Chart 2. New Orders and Sales/Revenues Indexes (March 2011 to October 2015)



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

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The November *Nonmanufacturing Business Outlook Survey* will be released on November 24, 2015, at 10:00 a.m. ET.

NONMANUFACTURING BUSINESS OUTLOOK SURVEY October 2015	October vs. September					Six Months from Now vs. October				
	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?	29.3	32.5	52.5	15.0	17.5	80.5	85.0	7.5	0.0	85.0
What is your assessment of general business activity for your firm?	26.8	50.0	35.0	12.5	37.5	85.4	85.0	5.0	0.0	85.0
Company Business Indicators										
New Orders	22.0	42.5	25.0	12.5	30.0					
Sales or Revenues	34.1	37.5	40.0	20.0	17.5					
Unfilled Orders	0.0	15.0	22.5	0.0	15.0					
Inventories	4.9	12.5	20.0	2.5	10.0					
Prices Paid	12.2	20.0	62.5	2.5	17.5					
Prices Received	7.3	27.5	55.0	5.0	22.5					
Number of Employees – Full-time Permanent	4.9	30.0	60.0	10.0	20.0					
Number of Employees – Part-time, Temporary, and Contract	12.2	27.5	60.0	12.5	15.0					
Average Employee Workweek	17.1	32.5	55.0	12.5	20.0					
Wage and Benefit Costs	34.1	27.5	65.0	5.0	22.5					
Capital Expenditures – Physical Plant	14.6	22.5	55.0	2.5	20.0					
Capital Expenditures – Equipment & Software	24.4	22.5	62.5	7.5	15.0					

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 October 15, 2015.