

Responses to the June *Nonmanufacturing Business Outlook Survey* suggest a moderation of nonmanufacturing activity in the region. The index for general activity at the firm level fell for the second consecutive month and the index for sales/revenues fell for the third consecutive month, while the full-time employment and new orders indexes edged up. The firms continued to report overall increases in the prices of both their own goods and their inputs, but the price indexes moderated. The respondents continued to anticipate growth over the next six months, although the future indicators are at lower levels than in recent months.

#### Current Indicators Moderate

The diffusion index for current general activity at the firm level fell 16 points to 12.2 in June (see Chart 1). Thirty-one percent of the firms reported increases in activity (down from 43 percent last month), compared with 19 percent that reported decreases. The new orders index rose 4 points to 14.3 after falling 15 points in May. The share of firms reporting increases in new orders (30 percent) was higher than the share reporting decreases (16 percent). The sales/revenues index fell from 26.6 in May to 17.0 in June. Over 37 percent of the responding firms reported increases in sales/revenues, while 20 percent reported decreases. The regional activity index fell 9 points to 8.2.

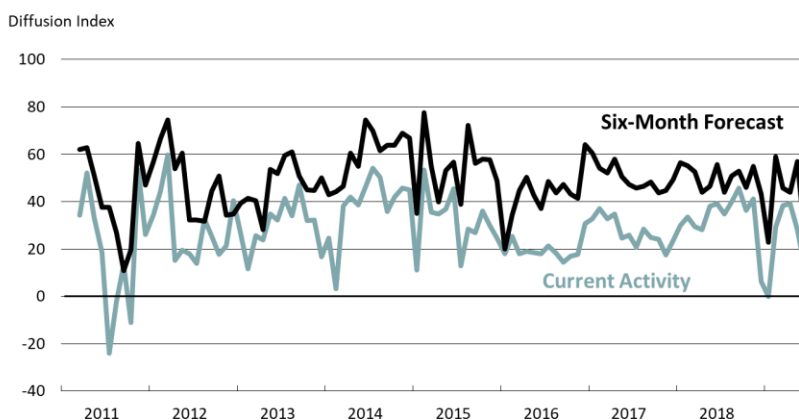
#### Full-Time Employment Index Strengthens

The firms continued to report overall increases in full-time and part-time employment. The full-time employment index rose 3 points to 23.8. More than 61 percent of the reporting firms reported steady full-time employment levels, while the share of firms reporting increases (31 percent) was higher than the share reporting decreases (7 percent). The part-time employment index rose 9 points to 20.2, and the wages and benefits indicator rose 5 points to 43.6. The average work-week index fell 6 points to 18.9.

#### Price Increases Were Less Widespread

Both price indicators fell from last month's readings but still suggest overall increases in prices for inputs and for the firms' own goods and services. The prices paid index fell 4 points to 22.3 (see Chart 2). Although the majority of respondents (52

**Chart 1. Current and Future General Activity Indexes for Firms**  
March 2011 to June 2019



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

percent) reported stable input prices, 27 percent of the respondents reported increases, while only 4 percent reported decreases. Regarding prices for firms' own goods and services, the prices received index fell 11 points from May to 8.8 in June. While 18 percent of the firms reported increases in prices received, 9 percent reported decreases. Nearly 58 percent of the firms reported no change in their own prices.

#### Firms' Optimism for Growth Tempers

Both future activity indexes suggest that firms expect growth to continue over the next six months, but the indexes fell sharply to their lowest readings since January. The diffusion index for future activity at the firm level fell from a reading of 56.9 in May to 26.4 this month (see Chart 1). Forty-five percent of the firms expect an increase in activity at their firms over the next six months (down from 65 percent last month), compared with 19 percent that expect decreases (up from 8 percent last month). Nearly 35 percent of the firms expect no change over the next six months. The future regional activity index fell 27 points to 10.9.

Released June 25, 2019, at 8:30 a.m. ET.

The next *Nonmanufacturing Business Outlook Survey* will be released on July 23, 2019.

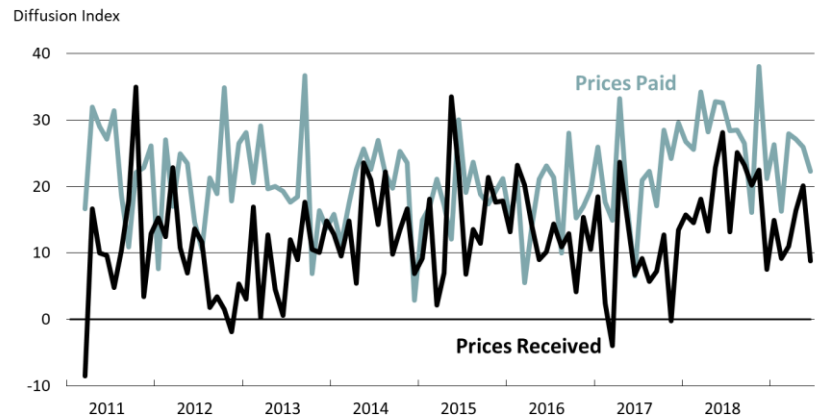


## Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest that nonmanufacturing activity moderated in the region. The indicators for firm-level general activity and sales/revenues fell, while the indicators for new orders and full-time employment both rose. Overall, the respondents continue to expect growth over the next six months in their own firms and in the region, although the future indexes declined. ■

### Chart 2. Prices Paid and Prices Received Indexes

March 2011 to June 2019



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

NONMANUFACTURING BUSINESS OUTLOOK SURVEY June 2019	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?	17.3	23.3	59.6	15.1	8.2	37.8	26.5	52.9	15.6	10.9
What is your assessment of general business activity for your firm?	28.1	31.0	49.2	18.8	12.2	56.9	45.0	34.9	18.6	26.4
Company Business Indicators										
New Orders	10.6	30.4	26.5	16.1	14.3	<b>NOTES:</b> (1) Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease. (2) All data are seasonally adjusted. (3) Percentages may not sum to 100 percent because of rounding, omission by respondents, or both. (4) Survey results reflect data received through June 20, 2019.				
Sales or Revenues	26.6	37.3	34.6	20.4	17.0					
Unfilled Orders	1.8	9.0	29.2	4.6	4.4					
Inventories	-3.2	11.1	19.9	8.3	2.9					
Prices Paid	25.9	26.7	51.6	4.4	22.3					
Prices Received	20.1	17.5	57.8	8.8	8.8					
Number of Employees – Full-Time Permanent	20.5	30.5	61.3	6.7	23.8					
Number of Employees – Part-Time, Temporary, and Contract	11.3	30.2	56.1	10.0	20.2					
Average Employee Workweek	24.9	25.3	63.8	6.4	18.9					
Wage and Benefit Costs	38.9	45.5	50.1	1.9	43.6					
Capital Expenditures – Physical Plant	19.0	25.0	40.5	5.9	19.1					
Capital Expenditures – Equipment & Software	18.8	34.9	38.6	6.5	28.4					