

Note: Survey responses were collected from March 10 to March 20.

Nonmanufacturing activity in the region continued to decline, according to the firms responding to the March *Nonmanufacturing Business Outlook Survey*. The indexes for general activity, new orders, and sales/revenues remained negative, with the former two declining further. On balance, the firms reported a decrease in full-time employment. Both price indexes rose and indicate overall increases in prices. The respondents expect declines in growth overall over the next six months both for their firms and in the region.

Firms Report Declines in Activity

The diffusion index for current general activity at the firm level decreased from -12.9 to -17.5 in March (see Chart 1). Almost 39 percent of the firms reported decreases in activity, 21 percent reported increases, and 36 percent reported no change. The new orders index dropped 18 points to -19.5, its lowest reading since April 2023. Nearly 33 percent of the firms reported a decrease in new orders (up from 22 percent last month), exceeding the 13 percent that reported an increase (down from 21 percent); 32 percent reported no change (down slightly from 35 percent). The sales/revenues index rose 8 points but remained negative at -4.7. The current regional activity index fell further into negative territory to -32.5, its lowest reading since May 2020.

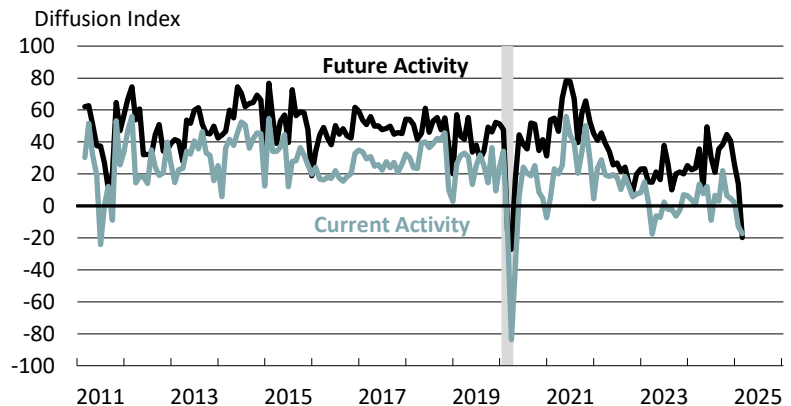
Employment Indexes Weaken

The full-time employment index fell 10 points to -7.5, its first negative reading since August. Over 66 percent of the firms reported no change, while the share of the firms reporting decreases (15 percent) exceeded the share reporting increases (8 percent). The part-time employment index declined from 12.4 to 3.5. The average workweek index rose from -7.5 to 1.5.

Prices Paid Index Is Above Long-Run Average

Price indicators suggest increases in prices for inputs and the firms' own goods and services overall. After declining for two consecutive months, the prices paid index climbed 13 points to 36.0 (see Chart 2). Almost 42 percent of the firms reported increases in input prices, while 6 percent reported decreases;

Chart 1. Current and Future General Activity Indexes
January 2011 to March 2025



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.

43 percent reported steady prices. Regarding prices for the firms' own goods and services, the prices received index returned to positive territory, rising 10 points to 8.4. Most of the firms (60 percent) reported no change in prices received, while the share reporting increases (17 percent) exceeded the share reporting decreases (8 percent).

Firms Report Higher Sales/Revenues on Balance

In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the first quarter ending this month compared with the fourth quarter of 2024; they were also asked about factors constraining business operations and capital expenditure plans (see Special Questions on page 3). Over 46 percent of the firms reported expected increases in first-quarter sales, while 33 percent reported expected decreases.

Over half of the firms reported labor supply and supply chains as at least a slight constraint on business operations. More than 93 percent indicated uncertainty as at least a slight constraint, with 29 percent describing the impact as significant. Looking ahead over the next three months, the majority of the firms expect the impacts of most factors to stay the same. However, 61 percent of the firms expect the impact of uncertainty to

Released March 25, 2025, at 8:30 a.m. ET.
The next *Nonmanufacturing Business Outlook Survey* will be released on April 22, 2025.

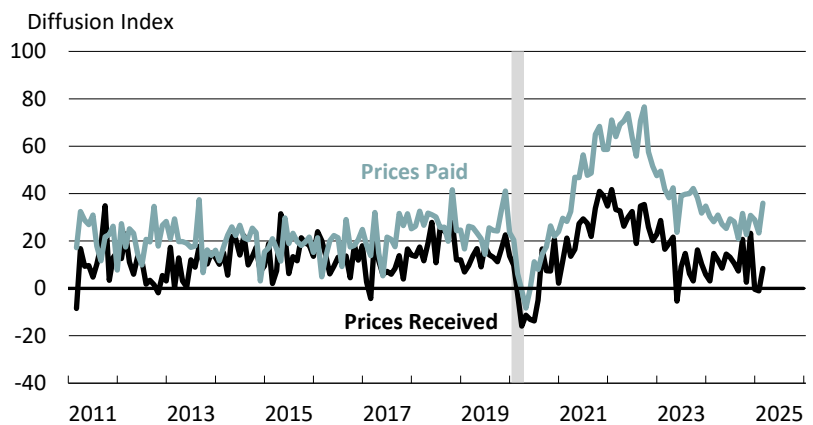
worsen, and 39 percent expect the impact of supply chains to worsen.

Regarding plans for different categories of capital expenditures for this year relative to 2024, the share of firms expecting lower total capital spending this year (30 percent) slightly exceeded the share expecting higher spending (25 percent), and 45 percent expect spending to be the same. When this question was last asked in October, the same share of firms (29 percent) expected either lower or higher spending, and 42 percent expected to keep spending the same.

Firms' Outlook for Future Growth Deteriorates

The future general activity indexes suggest that the respondents expect continued declines in activity overall over the next six months, with both series falling to their lowest readings since April 2020. The diffusion index for future activity at the firm level fell 34 points to -19.8, its fourth consecutive decline and first negative reading since April 2020 (see Chart 1). Almost 46 percent of the firms expect decreases in future activity at their firms, 26 percent expect increases, and 23 percent expect no change. The future regional activity index fell from -1.1 to -24.0.

Chart 2. Current Prices Paid and Prices Received Indexes
January 2011 to March 2025



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.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest nonmanufacturing activity declined overall in the region. The indicators for firm-level general activity, new orders, and sales/revenues remained negative. The firms reported overall decreases in full-time employment and overall increases in prices. Future indexes indicate that the firms expect declines over the next six months. ■

NONMANUFACTURING BUSINESS OUTLOOK SURVEY March 2025	March vs. February					Six Months from Now vs. March				
	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?	-13.1	15.2	30.6	47.7	-32.5	-1.1	26.8	16.7	50.9	-24.0
What is your assessment of general business activity for your firm?	-12.9	21.2	35.7	38.7	-17.5	13.8	26.1	23.4	45.9	-19.8
Company Business Indicators										
New Orders	-1.3	13.4	31.5	32.9	-19.5	NOTES: (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 because of rounding, omission by respondents, or both. (4) Survey results reflect data received through March 20, 2025.				
Sales or Revenues	-12.7	24.0	41.2	28.7	-4.7					
Unfilled Orders	-7.9	5.9	23.5	12.4	-6.5					
Inventories	4.4	4.7	25.0	7.5	-2.8					
Prices Paid	23.4	41.6	43.1	5.7	36.0					
Prices Received	-1.1	16.9	60.0	8.4	8.4					
Number of Employees – Full-Time Permanent	2.5	7.9	66.5	15.4	-7.5					
Number of Employees – Part-Time, Temporary, and Contract	12.4	15.3	63.5	11.8	3.5					
Average Employee Workweek	-7.5	17.8	62.1	16.3	1.5					
Wage and Benefit Costs	25.3	24.4	64.8	2.8	21.6					
Capital Expenditures – Physical Plant	7.0	16.9	40.7	14.8	2.1					
Capital Expenditures – Equipment & Software	12.4	17.8	59.5	16.4	1.4					

Special Questions (March 2025)		
1. How will your firm's total sales/revenues for the first quarter of 2025 compare with that of the fourth quarter of 2024 ?		
An increase of:	% of firms	Subtotals
10% or more	10.3	% of firms reporting an increase: 46.2
5–10%	12.8	
0–5%	23.1	
No change	20.5	
A decline of:		
0–5%	17.9	% of firms reporting a decrease: 33.3
5–10%	2.6	
10% or more	12.8	

	2. In the current quarter , to what degree have the following factors acted as constraints on business operations?				3. Over the next three months , how do you expect the impacts of the following factors as constraints on business operations to change?		
	Not at all (%)	Slightly (%)	Moderately (%)	Significantly (%)	Worsen (%)	Stay the same (%)	Improve (%)
Energy markets	69.2	10.3	12.8	7.7	20.0	52.5	27.5
Financial capital	54.8	21.4	14.3	9.5	25.0	45.0	30.0
Labor supply	46.5	34.9	11.6	7.0	14.0	65.1	20.9
Supply chains	47.5	35.0	12.5	5.0	38.9	55.6	5.6
Uncertainty	6.7	26.7	37.8	28.9	61.4	25.0	13.6
Other factors	45.0	15.0	25.0	15.0	29.4	70.6	0.0

4. Comparing 2025 with 2024, do you expect capital expenditures to be higher, the same, or lower for each of the following categories?				
	Higher (% of reporters)	Same (% of reporters)	Lower (% of reporters)	Diffusion Index
Total capital spending	25.0	45.0	30.0	-5.0
Software	19.0	57.1	23.8	-4.8
Noncomputer equipment	15.8	63.2	21.1	-5.3
Energy-saving investments	5.7	71.4	22.9	-17.1
Computer and related hardware	16.7	54.8	28.6	-11.9
Structure	15.6	75.0	9.4	6.3
Other	0.0	86.7	13.3	-13.3