

# Regional Surveys of Business Activity

## Fifth District Survey of Service Sector Activity

September 26, 2023

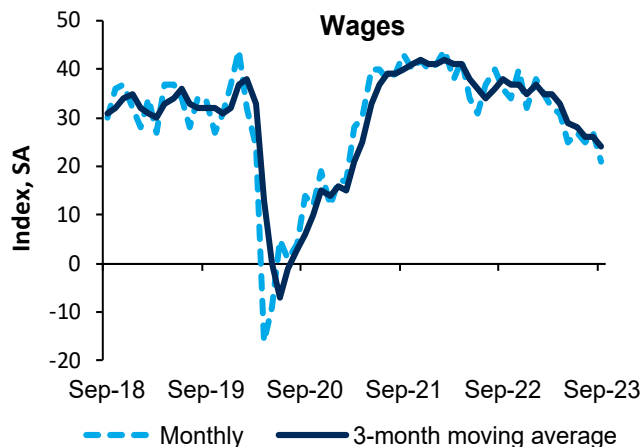
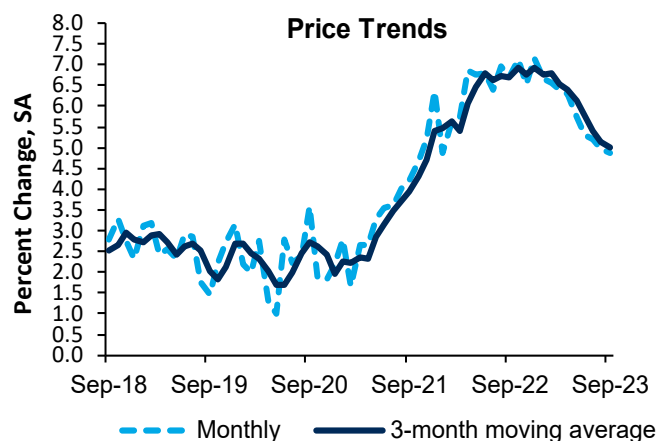
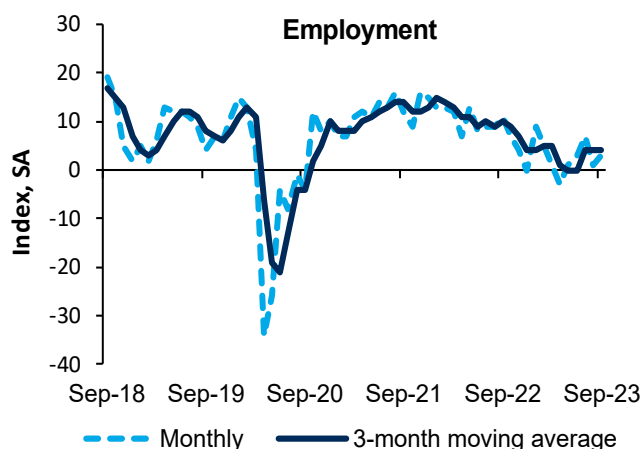
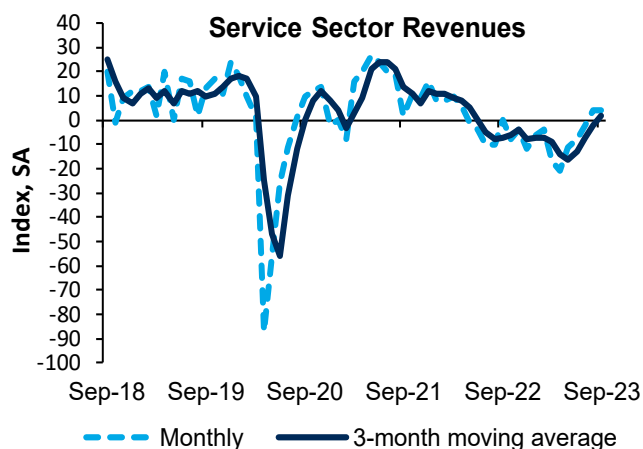
### Service Sector Activity Held Steady in September

Fifth District service sector activity held steady in September, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index remained at 4, while the demand index edged up from 9 in August to 10 in September. Expectations for future revenue and demand decreased slightly but remained strong. Firms grew a bit more pessimistic about local business conditions as that index fell from 1 in August to -5 in September. The index for expected local business conditions also fell, from 15 in August to 4 in September.

Changes in the three spending indexes were mixed, but small, in September. Meanwhile, all three spending expectations indexes remained positive, suggesting that some firms expect to increase spending in the next six months.

The employment index edged up to 3 in September and firms became more likely to report easing in their ability to find workers with the necessary skills while continuing to report wage increases. Over the next six months, many firms expect to continue hiring and anticipate some improvement in their ability to find workers with the necessary skills. Most firms plan to continue wage increases.

The average growth in prices paid and prices received decreased slightly in September. Firms expect both growth rates to moderate over the coming year.



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### Business Activity Indexes<sup>1,4,5</sup>

Service Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Sep-23	Aug-23	Jul-23	Sep-23	Aug-23	Jul-23
Revenues	4	4	-2	26	30	16
Demand	10	9	6	25	29	14
Local Business Conditions	-5	1	-8	4	15	3
Capital Expenditures	3	0	-3	10	5	11
Equipment & Software Spending	5	5	11	13	17	16
Services Expenditures	-3	2	5	3	3	7

### Employment

Number of Employees	3	1	7	15	18	25
Wages	21	27	25	48	51	49
Availability of Skills Needed	4	-2	1	12	1	9

### Price Trends<sup>3</sup>

Prices Paid	5.72	5.98	6.41	4.63	4.84	4.51
Prices Received	4.87	4.96	5.19	3.79	4.05	3.49

### Technical Notes:

- <sup>1</sup> Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Data are seasonally adjusted. Results are based on responses from 139-155 firms.
- <sup>2</sup> Expectations refer to the time period six months out from the survey period.
- <sup>3</sup> Current price changes are percentage changes over the last 12 months.  
Expected price changes are expected changes over the next 12 months.
- <sup>4</sup> All firms surveyed are located within the Fifth Federal Reserve District, which includes the District of Columbia, Maryland, North Carolina, South Carolina, Virginia, and most of West Virginia.
- <sup>5</sup> Seasonal adjustment factors are recalculated every July and the entire series is revised to better reflect current economic trends.

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