

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

December 27, 2023

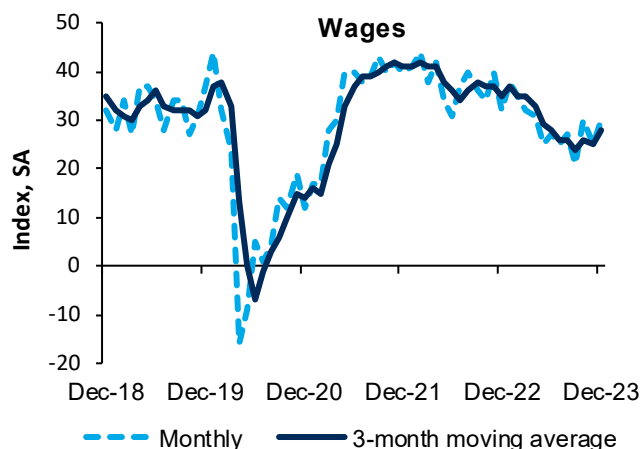
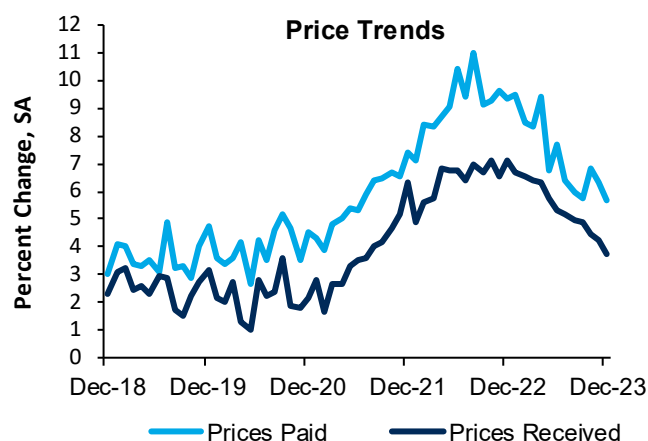
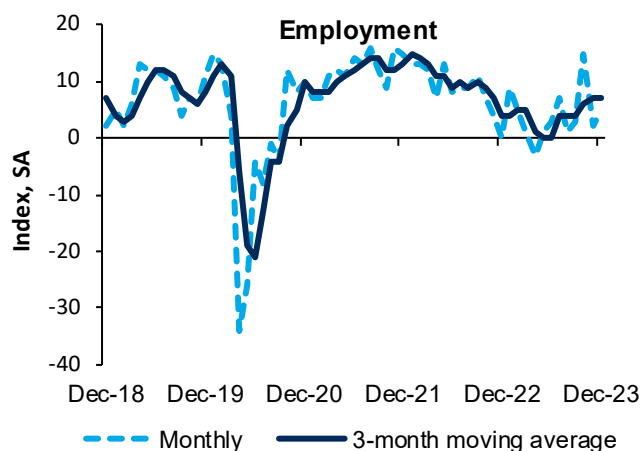
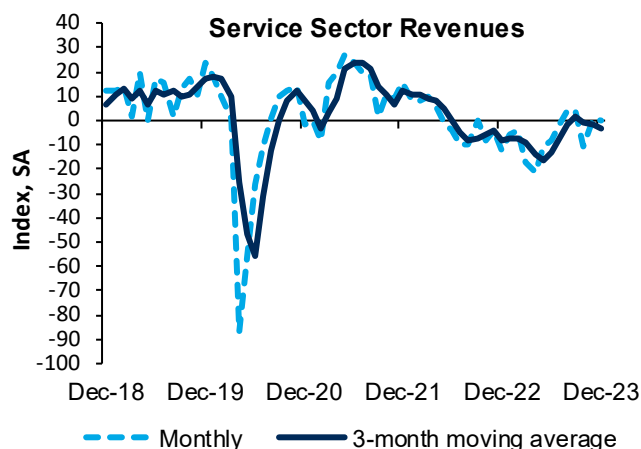
Service Sector Activity Was Flat in December

Fifth District service sector activity was flat in December, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index edged down from 1 to 0, while the demand index edged up from -1 in November to 2 in December. Expectations indexes for future revenue and demand increased, with the demand expectations index rising notably into positive territory.

Firms grew somewhat less pessimistic about local business conditions as that index increased from -9 in November to 0 in December. The index for expected local business conditions also increased, from -7 in November to 4 in December.

The employment index edged up from 2 in November to 5 in December, while firms continued to report wage increases and little change in their ability to find workers with the necessary skills. Over the next six months, many firms expect to continue hiring and anticipate little 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 somewhat in December. Firms expect both growth rates to moderate over the coming year.



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Business Activity Indexes^{1,4,5}

Service Sector Indicators	Current Conditions			Expectations ²		
	Dec-23	Nov-23	Oct-23	Dec-23	Nov-23	Oct-23
Revenues	0	1	-11	13	8	9
Demand	2	-1	0	21	-3	2
Local Business Conditions	0	-9	-15	4	-7	-22
Capital Expenditures	3	-6	0	1	0	2
Equipment & Software Spending	9	7	10	8	13	6
Services Expenditures	0	1	3	-2	5	0

Employment

Number of Employees	5	2	15	18	14	19
Wages	30	25	30	52	53	50
Availability of Skills Needed	3	2	2	3	12	10

Price Trends³

Prices Paid	5.71	6.32	6.86	4.34	4.44	4.84
Prices Received	3.75	4.23	4.46	3.31	3.65	3.55

Technical Notes:

- ¹ 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 129-144 firms.
- ² Expectations refer to the time period six months out from the survey period.
- ³ Current price changes are percentage changes over the last 12 months.
Expected price changes are expected changes over the next 12 months.
- ⁴ 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.
- ⁵ Seasonal adjustment factors are recalculated every July and the entire series is revised to better reflect current economic trends.

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