

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

April 25, 2023

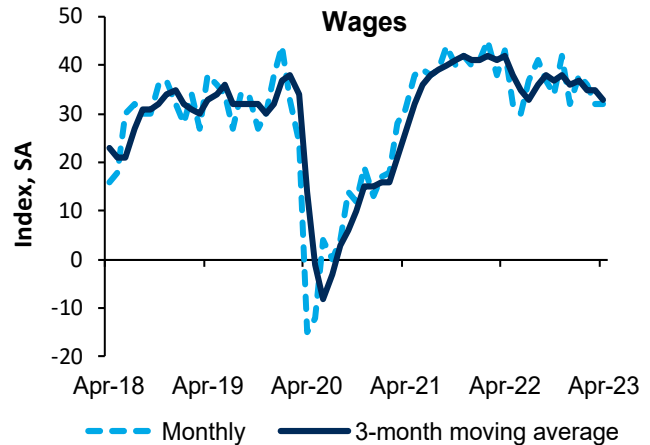
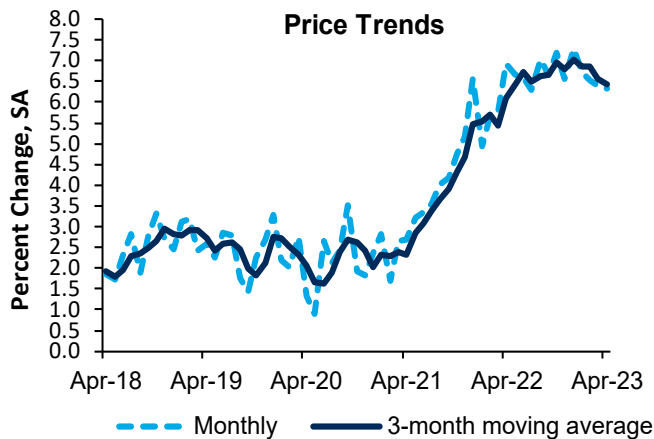
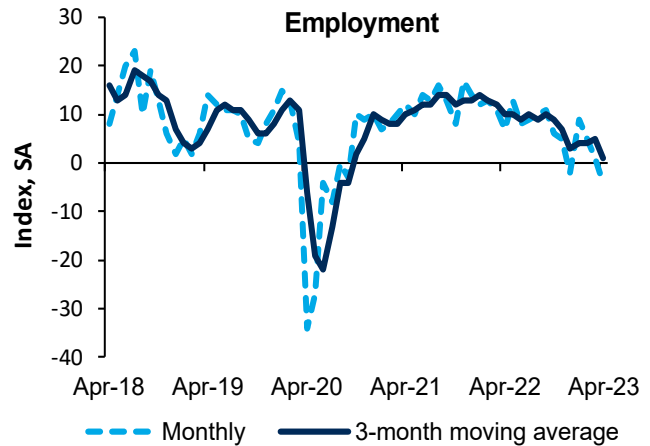
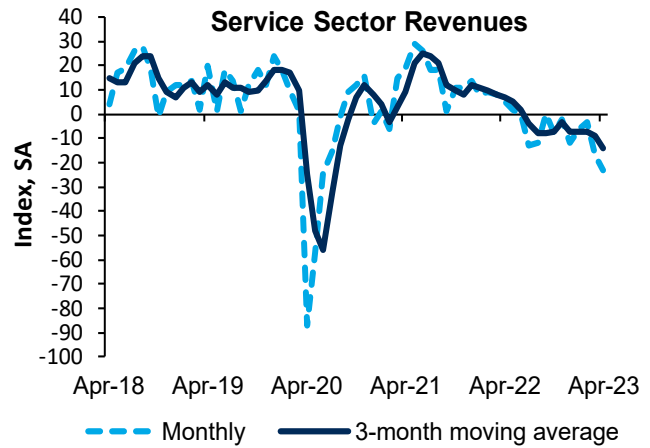
Service Sector Activity Deteriorated in April

Fifth District service sector activity deteriorated in April, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues and demand indexes fell to -23 and -11, respectively, from -17 and -1 in March. Future revenue and demand expectations also worsened, with the revenue expectations index falling to -5 and the index for demand expectations falling to -6. Further, the indexes for both current and expected local business conditions retreated deeper into negative territory.

Each of the three spending indexes edged downward, with the capital expenditures index falling the most, from 9 in March to 0 in April. Despite similar decreases in the spending expectations indexes, two of the three remained positive, suggesting that firms expect spending to increase over the next six months.

The employment index fell to -4 in April, continuing its steady decline this year. Firms continued reporting wage increases. Over the next six months, some firms expect to continue hiring and anticipate improvement in their ability to find workers with the necessary skills. Most firms plan to continue increasing wages.

Average growth in prices paid increased in April, while the growth rate of prices received remained relatively unchanged. Firms expect both to moderate over the coming year.



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Business Activity Indexes^{1,4,5}

Service Sector Indicators	Current Conditions			Expectations ²		
	Apr-23	Mar-23	Feb-23	Apr-23	Mar-23	Feb-23
Revenues	-23	-17	-3	-5	10	5
Demand	-11	-1	6	-6	7	10
Local Business Conditions	-27	-17	-6	-19	-9	-10
Capital Expenditures	0	9	-1	12	14	12
Equipment & Software Spending	5	7	10	7	16	12
Services Expenditures	-5	-3	-3	-7	2	6
Employment						
Number of Employees	-4	1	5	10	19	17
Wages	32	32	36	43	45	49
Availability of Skills Needed	0	-2	-4	8	9	3
Price Trends³						
Prices Paid	9.43	8.22	8.27	5.38	5.09	6.13
Prices Received	6.34	6.41	6.54	3.76	4.33	4.85

Technical Notes:

- 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 136-151 firms.
- Expectations refer to the time period six months out from the survey period.
- Current price changes are percentage changes over the last 12 months. Expected price changes are expected changes over the next 12 months.
- 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.
- Seasonal adjustment factors are recalculated every July and the entire series is revised to better reflect current economic trends.

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