

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

August 22, 2023

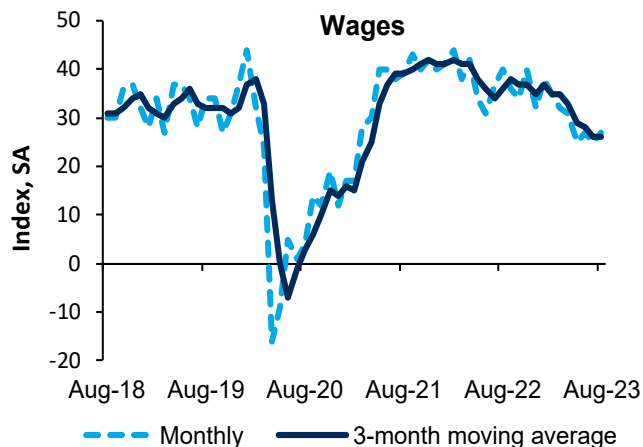
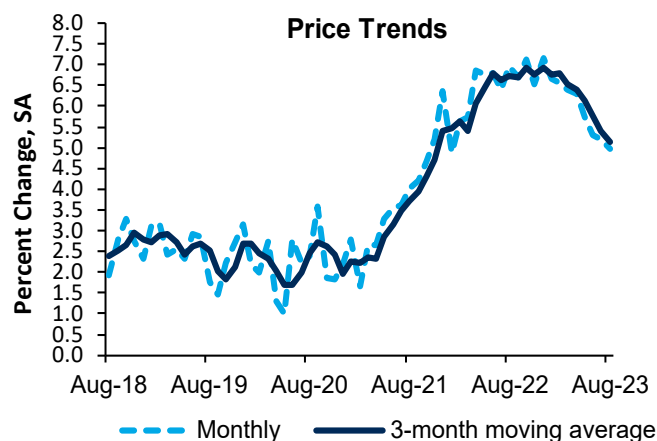
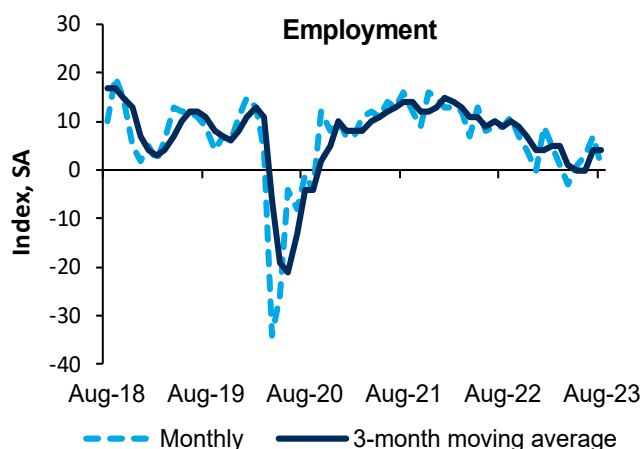
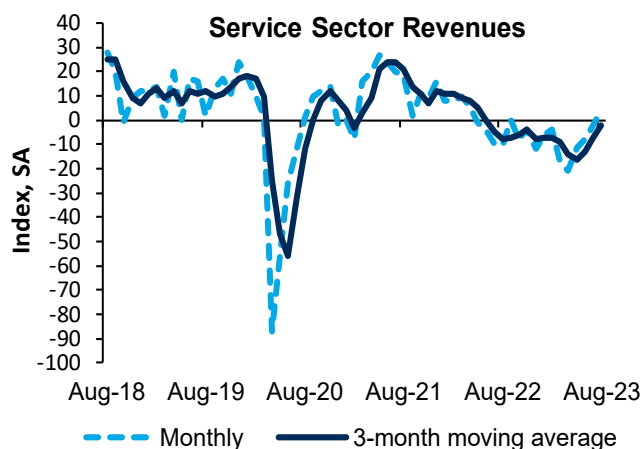
Service Sector Activity Improved Slightly in August

Fifth District service sector activity improved slightly in August, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues and demand indexes increased to 4 and 9, respectively. Expectations for future revenue and demand improved notably, increasing to 30 and 29, respectively. Firms grew less pessimistic about local business conditions as that index rose from -8 in July to 1 in August. Firms expected continued improvement, with the index for expected local business conditions increasing notably to 15 in August.

Two of the three spending indexes decreased slightly, with the equipment & software spending index decreasing the most, from 11 in July to 5 in August. All three spending expectations indexes were positive in August, suggesting that many firms expect to increase spending over the next six months.

The employment index fell slightly to 1 in August and firms continued to report wage increases, while the availability of skills index decreased to -2. 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 slightly in August. Firms expect both growth rates to moderate over the coming year.



Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

August 22, 2023

Business Activity Indexes^{1,4,5}

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

Employment

Number of Employees	1	7	3	18	25	13
Wages	27	25	27	51	49	48
Availability of Skills Needed	-2	1	5	1	9	11

Price Trends³

Prices Paid	5.98	6.41	7.70	4.84	4.51	4.57
Prices Received	4.96	5.19	5.31	4.05	3.49	3.88

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 138-152 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.

For more information contact Jason Kosakow at 571.287.0448 or Rich.RegionalSurveyTeam@rich.frb.org