

# Regional Surveys of Business Activity

## Fifth District Survey of Service Sector Activity

November 28, 2023

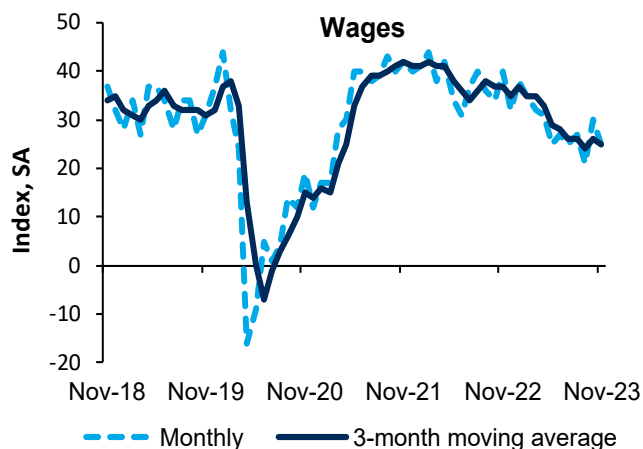
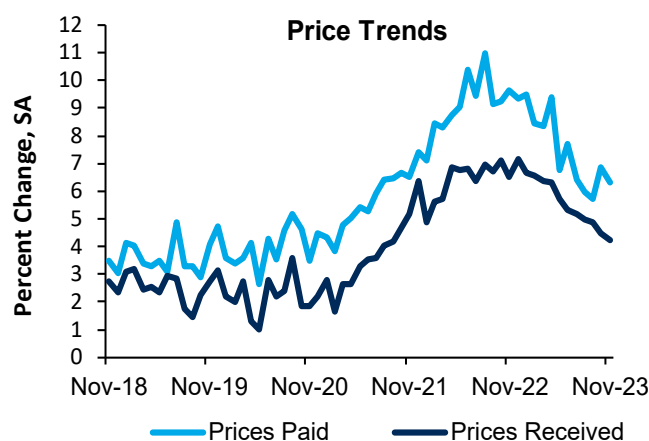
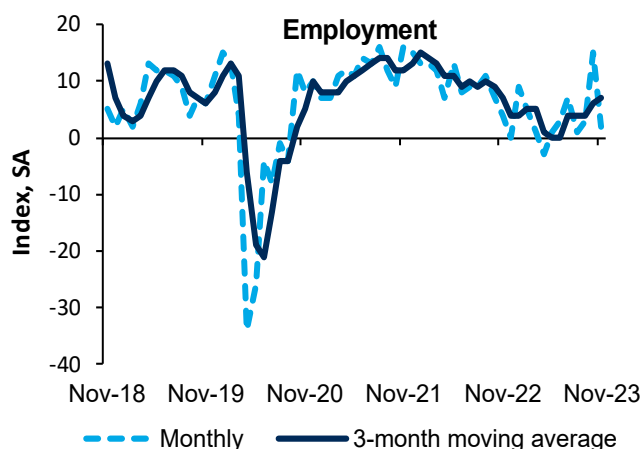
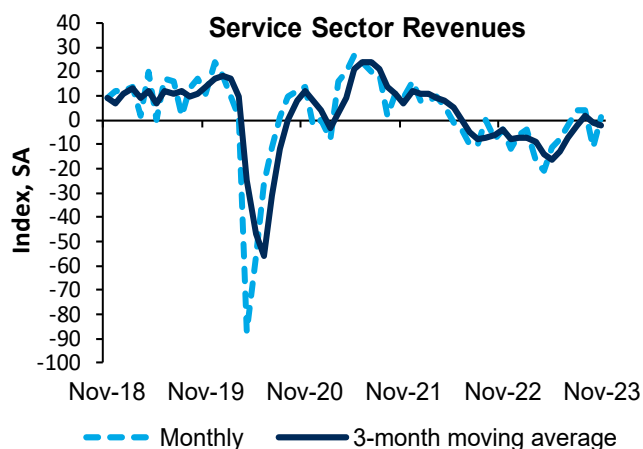
### Service Sector Activity Was Flat in November

Fifth District service sector activity was flat in November, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index rose from -11 to 1, while the demand index edged down from 0 in October to -1 in November. Expectations indexes for future revenue and demand decreased, with the demand expectations index falling slightly into negative territory. Firms grew somewhat less pessimistic about local business conditions as that index increased from -15 in October to -9 in November. The index for expected local business conditions also increased, from -22 in October to -7 in November.

All three spending indexes decreased. Meanwhile all three spending expectations indexes stayed out of negative territory, suggesting that some firms expect to increase spending in the next six months.

The employment index fell from 15 in October to 2 in November, 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 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 November. 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>		
	Nov-23	Oct-23	Sep-23	Nov-23	Oct-23	Sep-23
Revenues	1	-11	4	8	9	26
Demand	-1	0	10	-3	2	25
Local Business Conditions	-9	-15	-5	-7	-22	4
Capital Expenditures	-6	0	3	0	2	10
Equipment & Software Spending	7	10	5	13	6	13
Services Expenditures	1	3	-3	5	0	3

### Employment

Number of Employees	2	15	3	14	19	15
Wages	25	30	21	53	50	48
Availability of Skills Needed	2	2	4	12	10	12

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

Prices Paid	6.32	6.86	5.72	4.44	4.84	4.63
Prices Received	4.23	4.46	4.87	3.65	3.55	3.79

#### 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 136-149 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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