

# Regional Surveys of Business Activity

## Carolinas Survey of Business Activity

December 29, 2022

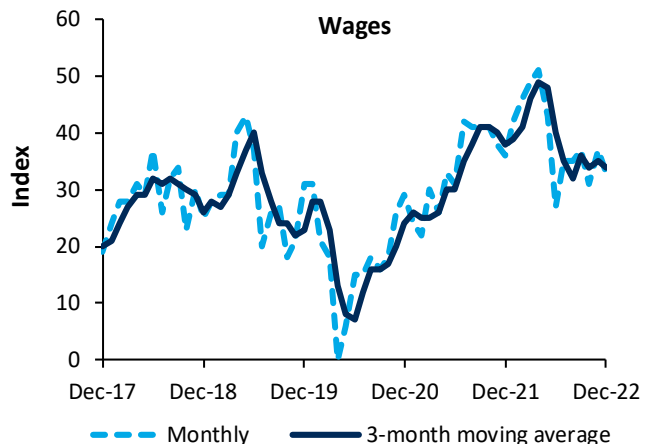
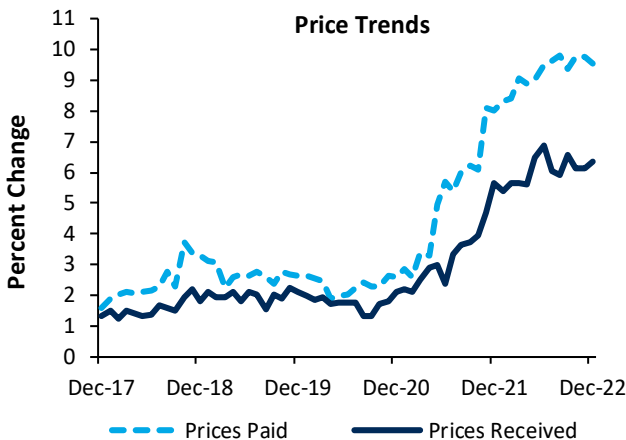
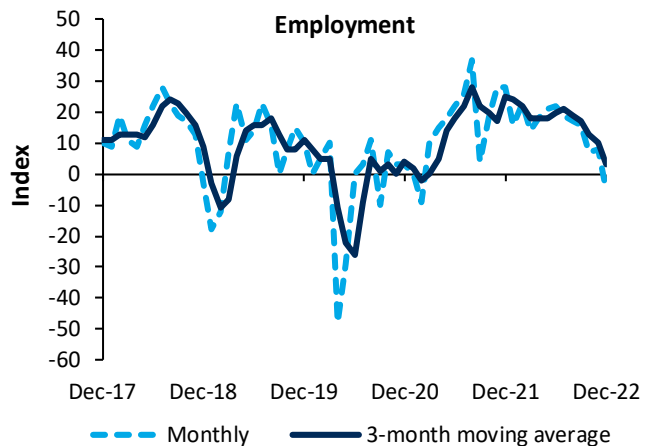
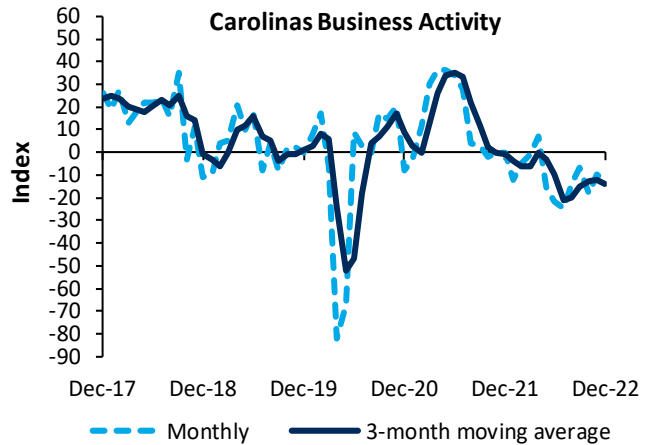
### Business Activity Remained Soft in December

Firms in the Carolinas continued to report soft business activity in December, according to the most recent survey from the Federal Reserve Bank of Richmond. The general business conditions index fell from -10 in November to -13 in December. Firms remained pessimistic about conditions over the next six months, as the general business conditions expectations index was solidly negative.

The sales index plummeted from 0 in November to -19 in December. The index measuring expected sales, however, improved modestly to 3 in December. In terms of spending, firms reported increases in total capital expenditures and equipment/software expenditures, while business services expenditures were relatively flat.

Survey results suggest that employment fell among firms, on net, in December, as the employment index dropped to -5 from 8 in November. The wages index decreased modestly but remained high. Most firms expected wages to continue increasing over the near term. Firms continued to report difficulty finding skilled labor in December but have grown more optimistic that hiring conditions will improve over the next six months.

The average year-over-year growth in prices paid and prices received were little changed from November. Firms continued to expect price growth to moderate over the next year.



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Business Activity Indexes <sup>1,4</sup>						
Business Conditions in the Carolinas	Current Conditions			Expectations <sup>2</sup>		
	Dec-22	Nov-22	Oct-22	Dec-22	Nov-22	Oct-22
General Business Conditions	-13	-10	-18	-23	-27	-30
Sales	-19	0	-8	3	-1	-7
<b>Employment</b>						
Number of Employees	-5	8	7	12	21	7
Availability of Skills Needed	-5	-8	-9	9	5	-8
Wages	33	37	31	63	66	58
<b>Spending</b>						
Business Services Expenditures	-1	7	0	1	5	-11
Total Capital Expenditures	17	5	17	15	13	14
Equipment or Software Expenditures	12	15	11	9	10	9
<b>Price Trends<sup>3</sup></b>						
Prices Paid for Inputs	9.53	9.77	9.78	4.84	5.65	5.67
Prices Received for Outputs	6.37	6.15	6.15	4.06	5.00	4.73

## Technical Notes:

- Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Data are not seasonally adjusted. Results are based on responses from 41-78 firms.
- Expectations refer to the time period six months out from the survey period.
- Current price changes are percentages over the last 12 months. Expected price changes are expected changes over the next 12 months.
- All firms surveyed are located within the states of North Carolina and South Carolina.

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