

Regional Surveys of Business Activity

Carolinas Survey of Business Activity

Carolinas' Business Index Jumped in November, Expectations Remained Positive

Overview

Business conditions appeared to improve during November, according to responses to the Carolinas Survey of Business Activity. The headline current business conditions index bounced back from a modest decline in October, and reached its highest level since June. Likewise, the current revenues index advanced, and also reached its highest point since June. The corresponding expectations metrics for both were largely unchanged from October's solid readings.

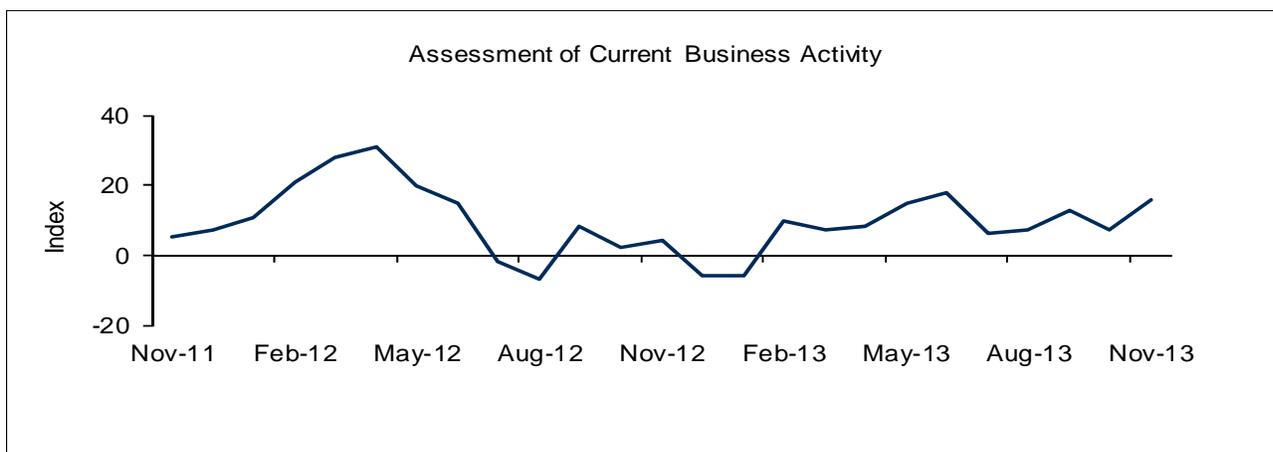
Results regarding employment were encouraging. The current labor demand indicators, number of employees and average workweek, remained in positive territory during November, mostly unchanged from October's healthy results. Meanwhile, the corresponding expectations metrics point toward firmer labor demand six months down the road.

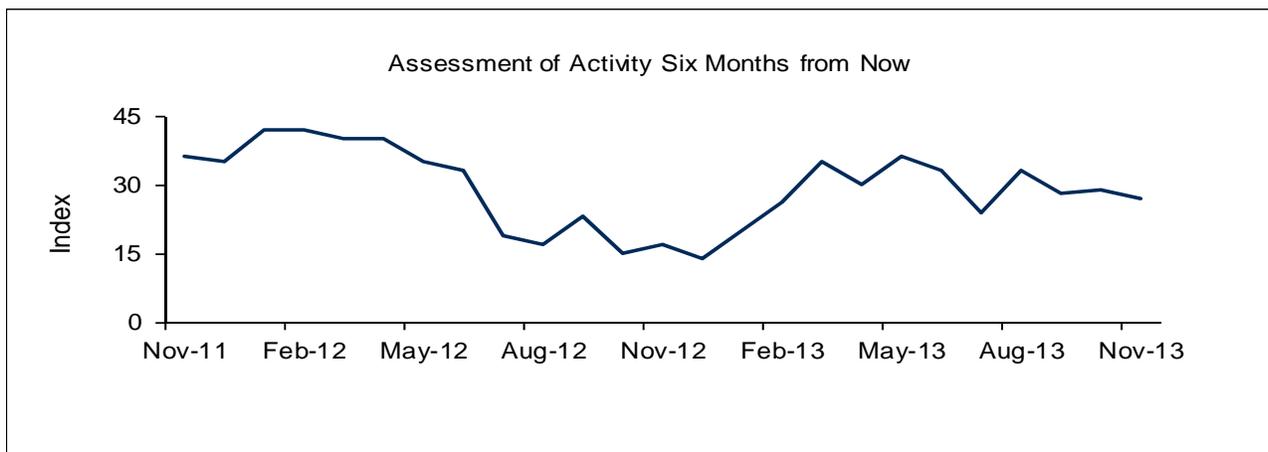
Each of the survey's current business spending measures was solidly positive in November, with two of the three (business services and equipment or software) increasing from October's levels. At the same time, all three of the corresponding spending expectations indexes moved further into positive territory.

On balance, survey results suggested little change in the general pricing environment during November. The current prices paid measure increased a little, but expectations were virtually unchanged. Meanwhile, the prices received metrics (both current and expected) moved somewhat lower.

General Business Assessments

Results from the most recent Carolinas Survey of Business Activity suggested that the region's economic expansion gathered momentum in November. The headline current general business conditions index increased to 16, a nine-point gain from October. This was the index's 10th straight positive reading, and its second highest over the past 18 months. There was also a noticeable improvement in respondents' assessment of sales. The current sales metric jumped to 16 in November from 3 a month earlier. While the current conditions measures moved much higher, the corresponding expectations metrics were at firmly positive levels. The expected general business conditions measure edged down two points in November, to 27. Over the past 18 months, this measure averaged 26. Meanwhile, the sales expectations index inched up to 35 from 34 a month earlier, both of which were well above the 18-month average of 26.





Labor Market Conditions

Recent survey results suggested that labor markets improved steadily as the current number of employees index changed little over the past three months. The current labor demand metric increased to 9 in November from 7 in October. In September, the current demand metric came in at 8. The average workweek measure increased to 8 this month from 7 a month earlier. Looking to the future, respondents generally expect to employ more labor inputs in the coming six months. The expected number of workers index dipped three points in November to 8. However, a positive reading suggests that more respondents plan to add to their headcount compared to those who plan to subtract from it. Meanwhile, the expected average workweek measure moved up into positive territory for the first time in four months, as it increased to 5 in November from -1 in October.

Business Spending

Business spending and business spending plans remained solid in November. The survey's current business services spending index increased six points this month to 11, its highest reading in more than five years. At the same time, the current equipment or software spending measure advanced to 19 in November from 17 a month earlier. The current total capital equipment expenditures indicator was the only current spending metric to lose ground this month. However, at 16, the index continued to reflect solid capital spending.

Each of the three corresponding business spending expectations indicators increased during the month.

Here again, the expected business services spending measure showed the most improvement, as it increased to 13 in November from 10 a month earlier. The expectations for total capital expenditures and equipment or software spending each rose two points, to 30 and 26, respectively.

Prices

The average increase in current prices paid moved up to 1.53 percent in November from 1.46 percent a month earlier. At the same time, the average increase in current prices received dipped to 1.01 percent from 1.22 percent. These measures suggest a little more pressure on profit margins than existed during October.

Meanwhile, the expected average increase in prices paid edged up to 2.09 percent from 2.08 percent at the same time the average increase in expected prices received moved down to 1.60 percent from 1.82 percent.

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Business Activity Indexes^{1, 4}

Business Conditions in the Carolinas	Current Conditions			Expectations ²		
	Nov-13	Oct-13	Sep-13	Nov-13	Oct-13	Sep-13
General Business Conditions	16	7	13	27	29	28
Sales	16	3	12	35	34	25
Employment						
Number of Employees	9	7	8	8	11	14
Availability of Skills Needed	7	2	3	8	7	3
Average Workweek	8	7	-1	5	-1	-2
Wages	6	11	14	26	22	21
Spending						
Business Services Expenditures	11	5	7	13	10	12
Total Capital Expenditures	16	21	16	30	28	25
Equipment or Software	19	17	14	26	24	22
Price Trends³						
Prices Paid for Inputs	1.53	1.46	1.83	2.09	2.08	2.16
Prices Received for Outputs	1.01	1.22	1.30	1.60	1.82	1.60

Technical Notes:

- Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Data are not seasonally adjusted.
- Expectations refer to the time period six months out from the survey period.
- Price changes are expressed as a percent change, annualized.
- Table has been revised to reflect changes in survey questions beginning December 2010