

# Regional Surveys of Business Activity

## Carolinas Survey of Business Activity

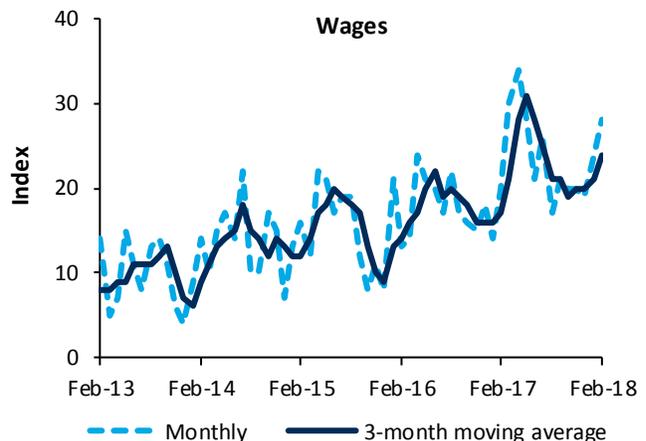
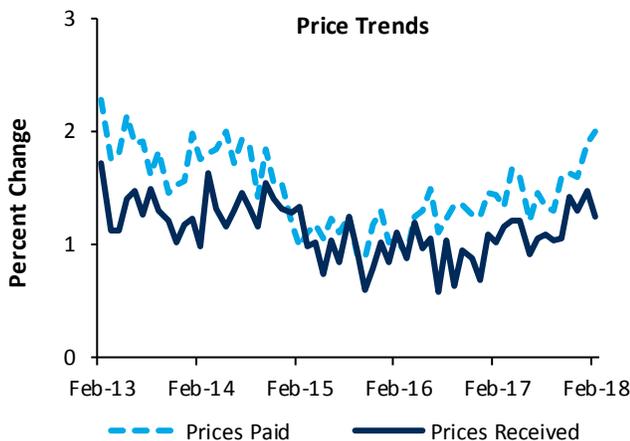
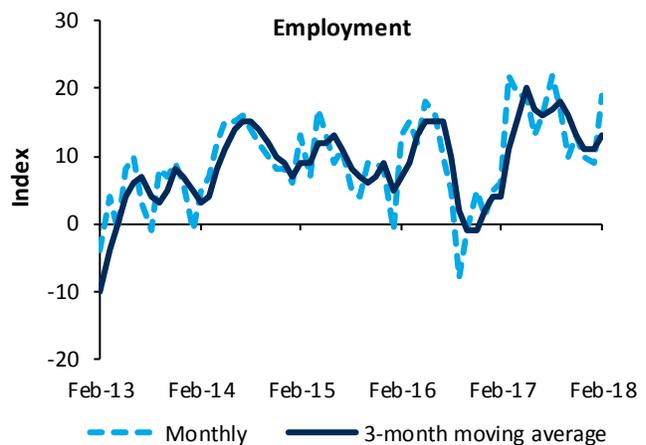
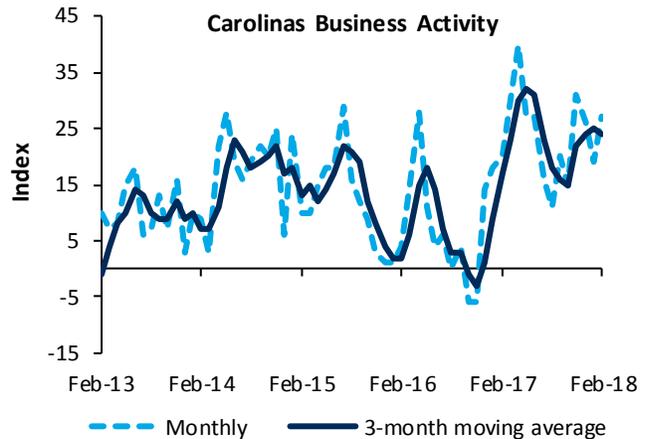
March 1, 2018

### Firms in the Carolinas Reported Strong Growth in February

According to the latest survey by the Federal Reserve Bank of Richmond, firms in the Carolinas saw strengthening business conditions in February. The general business conditions index rose from 19 to 27, and Carolinas firms reported expecting to see both business conditions and sales continue to improve in the coming months.

While Carolina firms saw continued growth in employment in February, they reported more difficulty finding required skills. Despite rising wages, the availability of skills index dropped from 0 to -9, indicating tightening labor supply. Firms expect to continue to struggle to find necessary skills in the next six months even as they plan to add workers.

Expenditures indicators remained positive but were lower than their January values, although firms expect expenditures to rise again. Meanwhile, they saw faster growth in prices paid while the growth rate of prices received dropped to a four-month low. However, firms expect to see accelerated growth in both prices paid and prices received in the next six months.



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## Business Activity Indexes<sup>1, 4</sup>

Business Conditions in the Carolinas	Current Conditions			Expectations <sup>2</sup>		
	Feb-18	Jan-18	Dec-17	Feb-18	Jan-18	Dec-17
General Business Conditions	27	19	26	51	62	41
Sales	28	11	20	56	55	40
<b>Employment</b>						
Number of Employees	19	9	10	35	34	25
Availability of Skills Needed	-9	0	-2	-7	-2	-2
Average Workweek	19	6	8	20	26	6
Wages	28	24	19	48	48	44
<b>Spending</b>						
Business Services Expenditures	6	9	15	16	23	13
Total Capital Expenditures	17	23	27	29	38	30
Equipment or Software Expenditures	15	24	20	24	39	24
<b>Price Trends<sup>3</sup></b>						
Prices Paid for Inputs	2.01	1.89	1.60	2.28	1.91	1.95
Prices Received for Outputs	1.25	1.48	1.30	1.62	1.70	1.77

### 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 84 firms.
- Expectations refer to the time period six months out from the survey period.
- Price changes are expressed as a percent change, annualized.
- All firms surveyed are located within the states of North Carolina and South Carolina.

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