

# Regional Surveys of Business Activity

## Carolinas Survey of Business Activity

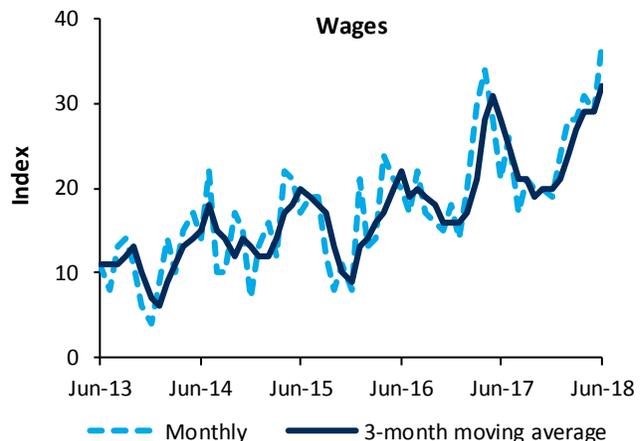
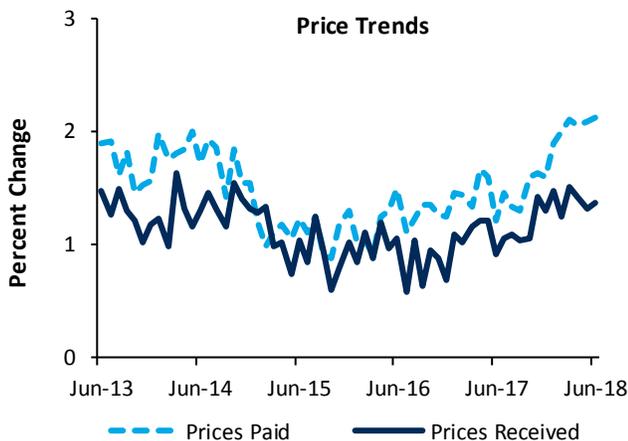
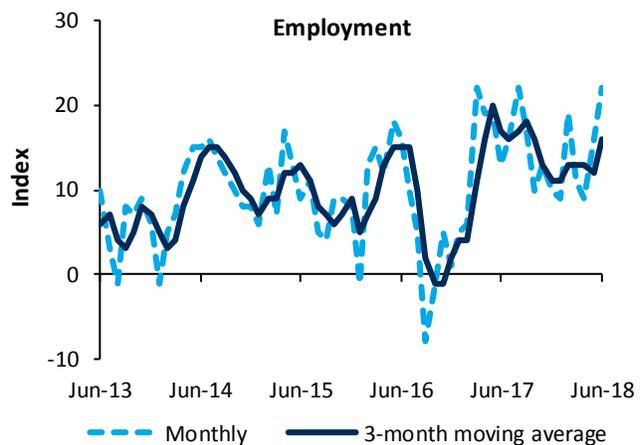
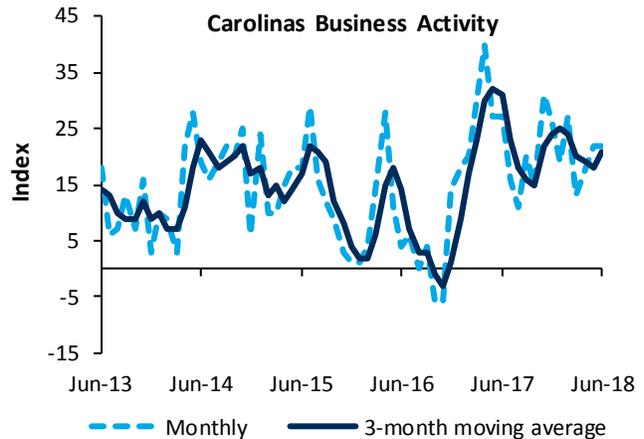
June 28, 2018

### Firms in the Carolinas Reported Moderate Growth in June

The Carolinas economy expanded moderately in June, according to the latest survey results from the Federal Reserve Bank of Richmond. The general business conditions index remained firmly in positive territory in June, while a greater portion of firms reported an increase in sales than a decrease. Both sales and business conditions are expected to continue to improve among Carolinas firms in the coming months.

Survey responses indicate strong growth in employment and wages in June, trends that are expected to persist in the near future. However, many firms were unable to hire workers with the skills they needed, as the index for available skills dropped to -16, its lowest reading since February 2008.

Spending growth continued in June, particularly for equipment and software, but results suggest that firms anticipate weaker expenditure growth in the next six months. Growth accelerated in both prices paid and prices received, with input prices continuing to rise faster than output prices. Firms expect this trend to end soon as they anticipate faster growth of output prices and slower growth of input prices.



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

Business Conditions in the Carolinas	Current Conditions			Expectations <sup>2</sup>		
	Jun-18	May-18	Apr-18	Jun-18	May-18	Apr-18
General Business Conditions	22	22	18	33	28	39
Sales	26	22	17	34	33	53
<b>Employment</b>						
Number of Employees	22	16	9	29	30	41
Availability of Skills Needed	-16	-7	-7	-8	-6	-12
Average Workweek	12	14	12	5	3	20
Wages	37	29	31	39	36	46
<b>Spending</b>						
Business Services Expenditures	11	13	16	6	12	19
Total Capital Expenditures	23	24	30	16	38	30
Equipment or Software Expenditures	26	16	22	13	20	22
<b>Price Trends<sup>3</sup></b>						
Prices Paid for Inputs	2.13	2.09	2.05	1.93	1.96	2.19
Prices Received for Outputs	1.37	1.32	1.42	1.42	1.51	1.68

### 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 82 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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