

# Regional Surveys of Business Activity

## Carolinas Survey of Business Activity

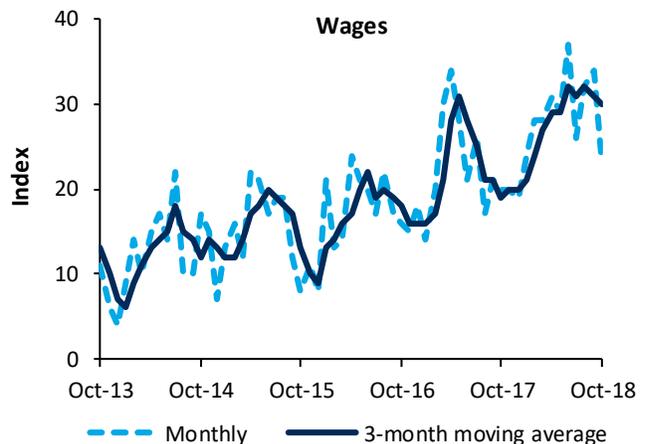
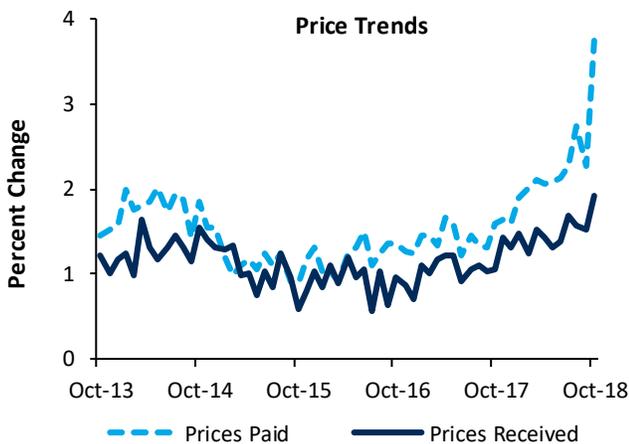
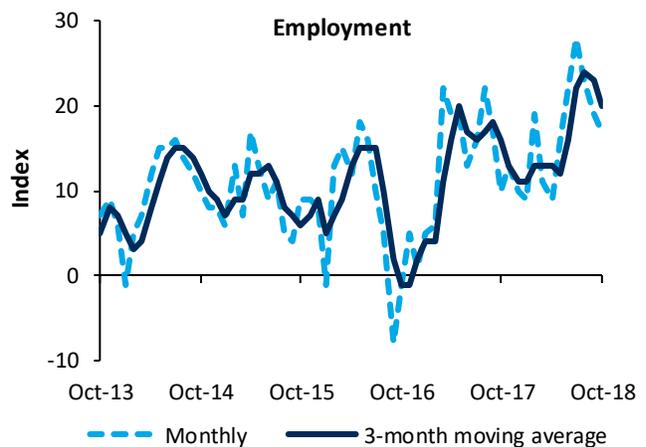
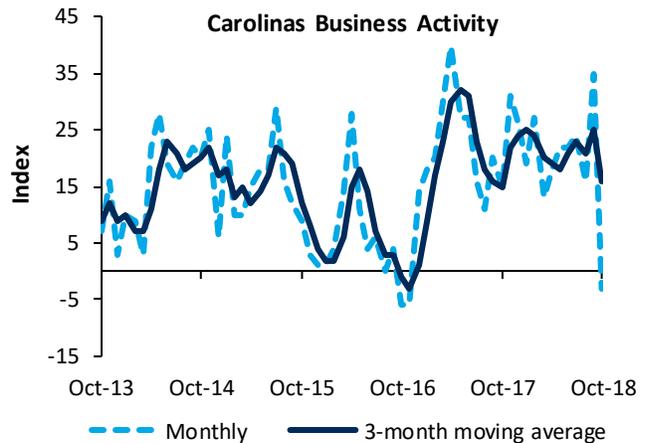
October 25, 2018

### Business Activity in the Carolinas Contracted in October

Business conditions in the Carolinas contracted in October, according to the results of the most recent survey from the Federal Reserve Bank of Richmond. The indexes for both general conditions and sales fell sharply to -3 in October from 35 and 36 in September, respectively. However, firms were optimistic that conditions would improve in the next six months.

Respondents also reported contraction in the average workweek and struggled to find workers with the skills they needed, as the skills index dropped to -19, its lowest value on record. Meanwhile, employment growth was fairly steady and wages continued to grow in October. Firms expect wage growth and difficulty finding employees to persist in the coming months.

Growth in both prices paid and prices received continued in October. Prices paid continued to grow faster than prices received, but firms expect the difference between them to narrow in the near future.



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Business Activity Indexes <sup>1, 4</sup>						
Business Conditions in the Carolinas	Current Conditions			Expectations <sup>2</sup>		
	Oct-18	Sep-18	Aug-18	Oct-18	Sep-18	Aug-18
General Business Conditions	-3	35	16	34	30	19
Sales	-3	36	16	47	41	30
<b>Employment</b>						
Number of Employees	17	19	23	13	22	18
Availability of Skills Needed	-19	-15	-18	-27	-14	-7
Average Workweek	-4	21	16	4	13	4
Wages	23	34	32	47	41	32
<b>Spending</b>						
Business Services Expenditures	-3	8	12	8	4	11
Total Capital Expenditures	22	27	28	26	38	30
Equipment or Software Expenditures	15	31	22	27	24	22
<b>Price Trends<sup>3</sup></b>						
Prices Paid for Inputs	3.74	2.27	2.75	2.70	2.51	2.35
Prices Received for Outputs	1.91	1.51	1.56	2.34	2.06	2.07

## 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 62 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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