

Regional Surveys of Business Activity

Carolinas Survey of Business Activity

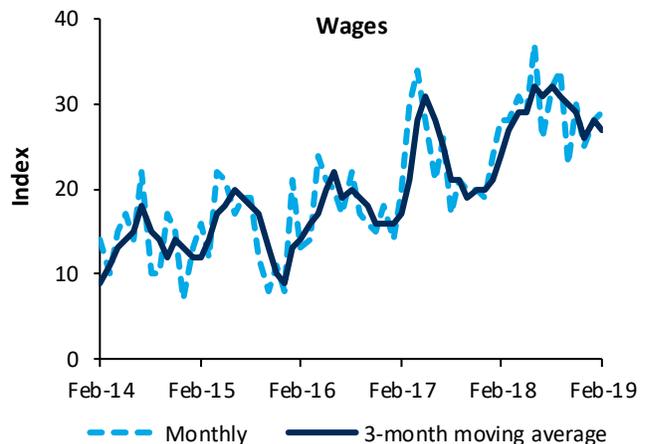
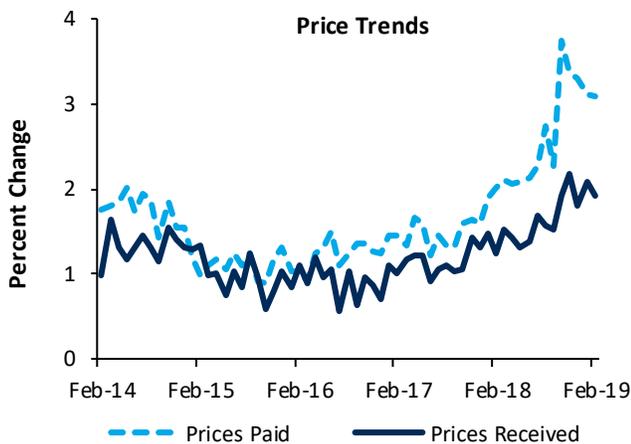
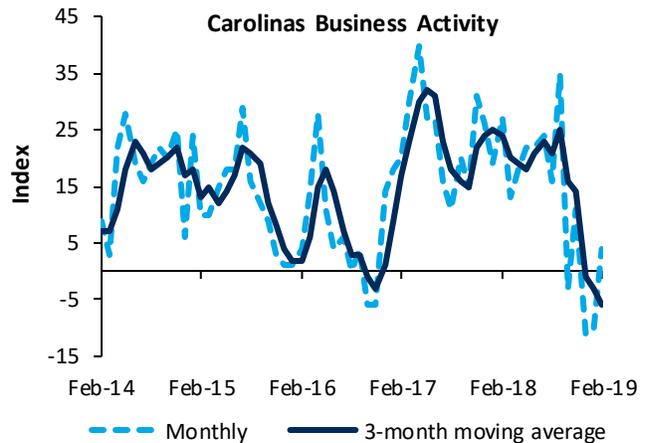
February 28, 2019

Business Conditions in the Carolinas Improved in February

Business conditions in the Carolinas improved in February, according to the results of the most recent survey from the Richmond Fed. The indexes for general business conditions and sales rose from negative readings in January to 4 and 17, respectively. Firms also reported increasing capital expenditures in February. Respondents were optimistic that conditions would continue to improve in the coming months.

Survey results indicated that employment growth remained weak in the Carolinas in February, although wage growth was strong. The employment index did rise from its January reading, but it remained negative. Meanwhile, firms struggled to find workers with the skills they needed. They expected this struggle to continue but also anticipated growth in wages and employment in the near future.

Growth of both prices paid and prices received by respondents in the Carolinas decreased slightly in February. Growth of prices paid continued to outpace growth of prices received, but firms expected the gap between the two to narrow in the next six months.



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Business Activity Indexes^{1, 4}

| Business Conditions in the Carolinas | Current Conditions | | | Expectations ² | | |
|--------------------------------------|--------------------|--------|--------|---------------------------|--------|--------|
| | Feb-19 | Jan-19 | Dec-18 | Feb-19 | Jan-19 | Dec-18 |
| General Business Conditions | 4 | -10 | -11 | 28 | 25 | 21 |
| Sales | 17 | -7 | -21 | 52 | 41 | 36 |
| Employment | | | | | | |
| Number of Employees | -12 | -18 | -3 | 22 | 25 | 24 |
| Availability of Skills Needed | -11 | -7 | -22 | -16 | -16 | -26 |
| Average Workweek | -6 | -11 | -9 | 19 | 29 | 18 |
| Wages | 29 | 28 | 25 | 53 | 51 | 55 |
| Spending | | | | | | |
| Business Services Expenditures | 0 | 1 | 7 | 4 | 3 | 1 |
| Total Capital Expenditures | 13 | 7 | 24 | 22 | 38 | 30 |
| Equipment or Software Expenditures | 16 | 12 | 11 | 23 | 16 | 25 |
| Price Trends³ | | | | | | |
| Prices Paid for Inputs | 3.09 | 3.12 | 3.31 | 2.42 | 2.46 | 2.70 |
| Prices Received for Outputs | 1.92 | 2.09 | 1.80 | 1.92 | 2.02 | 2.13 |

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 75 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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