

Regional Surveys of Business Activity

Carolinas Survey of Business Activity

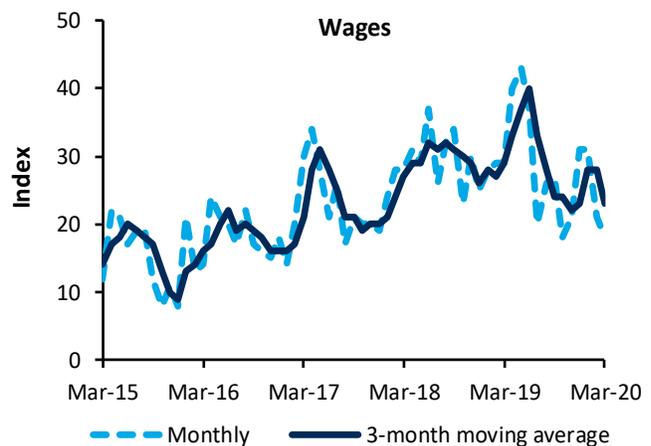
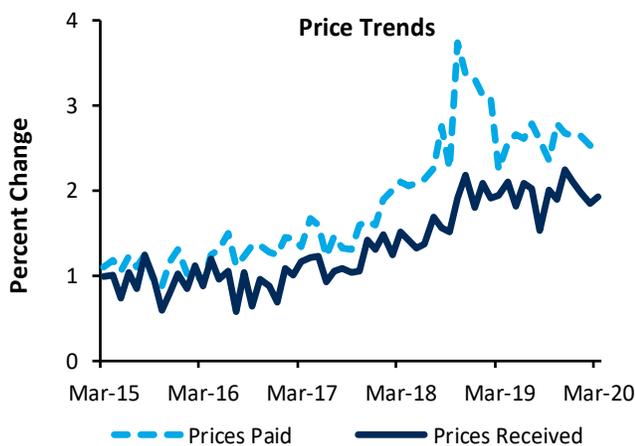
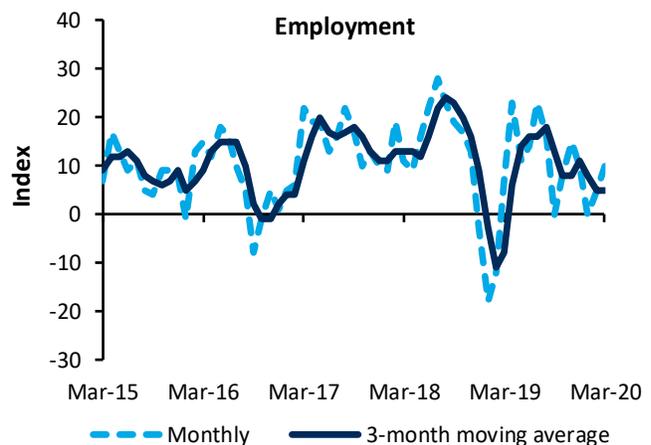
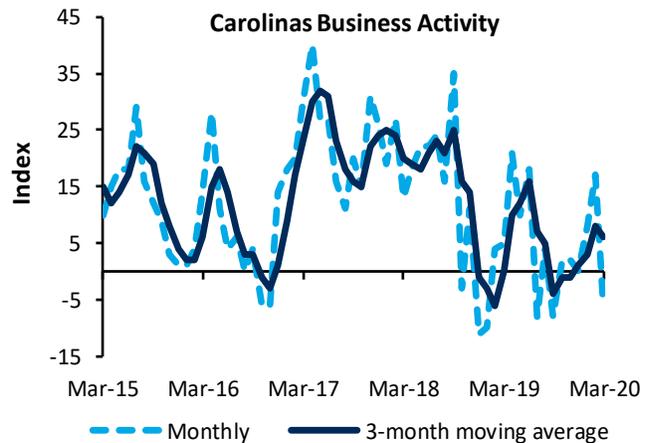
March 26, 2020

Business Activity Softened in March

Business activity in the Carolinas softened in March, according to the results of the most recent survey by the Federal Reserve Bank of Richmond. The indexes for general business conditions and sales fell from 17 and 19 in February to -6 and 0 in March, respectively. However, capital spending continued to grow. Respondents were pessimistic about the future, expecting general business conditions to deteriorate in the coming months.

Survey participants reported employment and wage growth as well as an increased average workweek in March. Employers struggled to find workers with the necessary skills and expected this struggle to continue in the coming months.

The average growth rate of prices paid by survey respondents slowed in March, while that of prices received increased, narrowing the gap between the two. Firms expected growth of prices paid to slow further in the next six months.



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Business Activity Indexes^{1,4}

Business Conditions in the Carolinas	Current Conditions			Expectations ²		
	Mar-20	Feb-20	Jan-20	Mar-20	Feb-20	Jan-20
General Business Conditions	-6	17	8	-16	34	29
Sales	0	19	2	-4	45	48
Employment						
Number of Employees	10	5	0	0	15	31
Availability of Skills Needed	-10	-17	-15	-10	-11	-15
Average Workweek	10	-5	0	0	15	23
Wages	18	21	31	36	49	56
Spending						
Business Services Expenditures	4	0	13	0	6	13
Total Capital Expenditures	29	15	27	14	38	30
Equipment or Software Expenditures	8	6	19	12	15	31
Price Trends³						
Prices Paid for Inputs	2.44	2.53	2.64	2.02	2.16	2.19
Prices Received for Outputs	1.93	1.85	1.98	1.95	1.84	1.48

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 50 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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