

Regional Surveys of Business Activity

Carolinas Survey of Business Activity

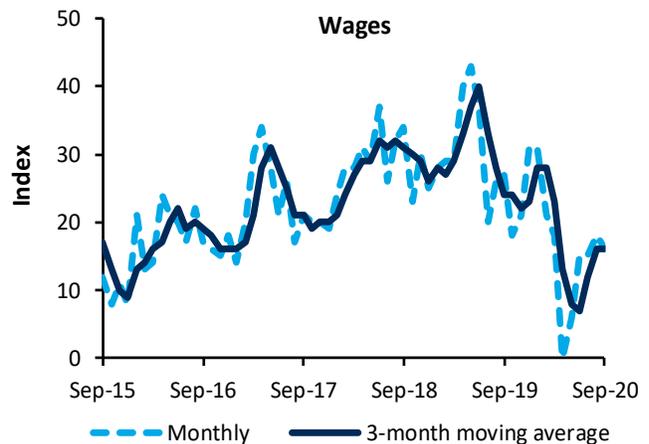
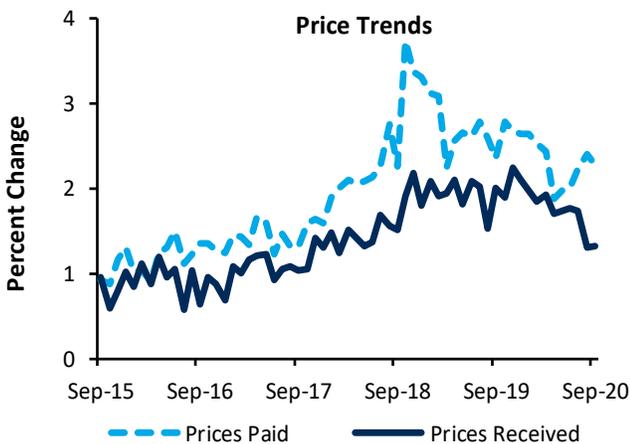
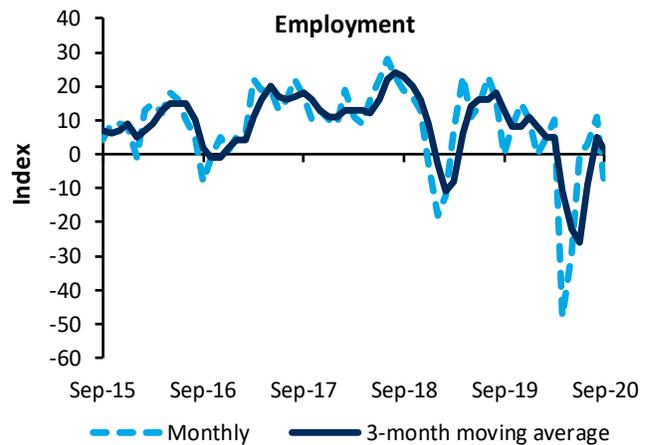
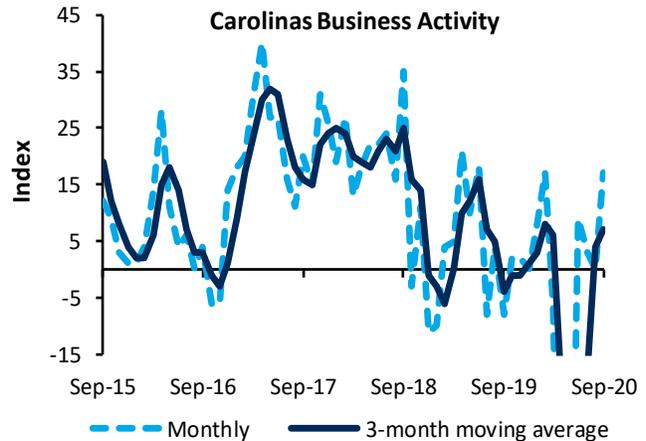
September 24, 2020

Firms Reported Strengthening Conditions in September

Firms in the Carolinas reported strengthening conditions in September according to the most recent survey from the Richmond Fed. The indexes for general business conditions and sales rose from 0 and 11 in August to 17 and 18 in September, respectively. Respondents were optimistic that conditions would improve in the near future.

Survey results suggested that many firms in the Carolinas saw a drop in employment in September, as this index fell into contractionary territory for the first time since May—from 11 in August to -10 in September. Some respondents reported increases in wages, and the index for availability of workers with the necessary skills was fairly flat. In general, firms expected employment and wages to increase in the next six months.

The average growth rate of prices paid by survey participants fell slightly in September, while that of prices received was little changed, narrowing the gap between the two. Contacts expect growth of prices paid to continue to slow in the coming months.



Regional Surveys of Business Activity

Carolinas Survey of Business Activity

September 24, 2020

Business Activity Indexes^{1,4}

| Business Conditions in the Carolinas | Current Conditions | | | Expectations ² | | |
|--------------------------------------|--------------------|--------|--------|---------------------------|--------|--------|
| | Sep-20 | Aug-20 | Jul-20 | Sep-20 | Aug-20 | Jul-20 |
| General Business Conditions | 17 | 0 | 3 | 36 | 15 | 27 |
| Sales | 18 | 11 | 12 | 38 | 15 | 20 |
| Employment | | | | | | |
| Number of Employees | -10 | 11 | 3 | 10 | -7 | 13 |
| Availability of Skills Needed | -1 | -21 | -3 | 0 | -5 | -3 |
| Average Workweek | 0 | 4 | 0 | 15 | -14 | 3 |
| Wages | 16 | 18 | 15 | 46 | 29 | 25 |
| Spending | | | | | | |
| Business Services Expenditures | -1 | -8 | -17 | 0 | -21 | -10 |
| Total Capital Expenditures | 0 | 4 | 7 | 15 | 38 | 30 |
| Equipment or Software Expenditures | 11 | 5 | 5 | 21 | 2 | 12 |
| Price Trends³ | | | | | | |
| Prices Paid for Inputs | 2.28 | 2.41 | 2.23 | 2.05 | 2.12 | 2.08 |
| Prices Received for Outputs | 1.32 | 1.30 | 1.74 | 1.33 | 1.19 | 1.39 |

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 76 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.

For further information, contact Roisin McCord at 804.697.8702 or Roisin.McCord@rich.frb.org