

Regional Surveys of Business Activity

Carolinas Survey of Business Activity

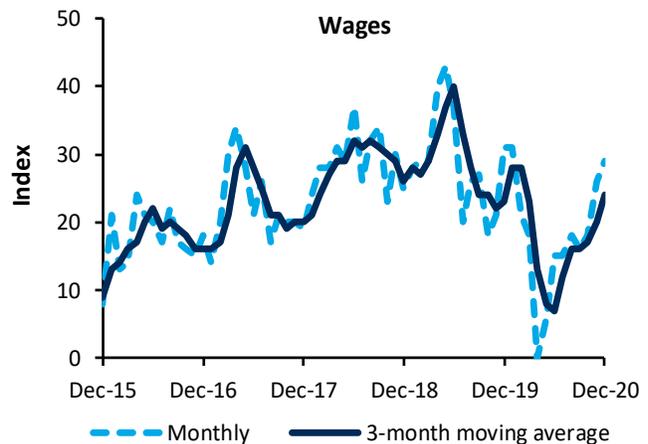
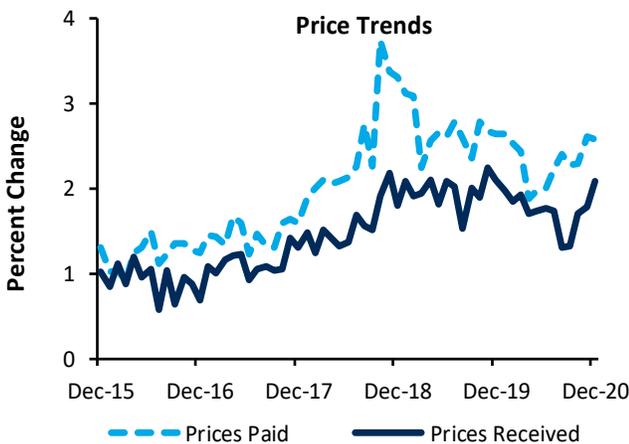
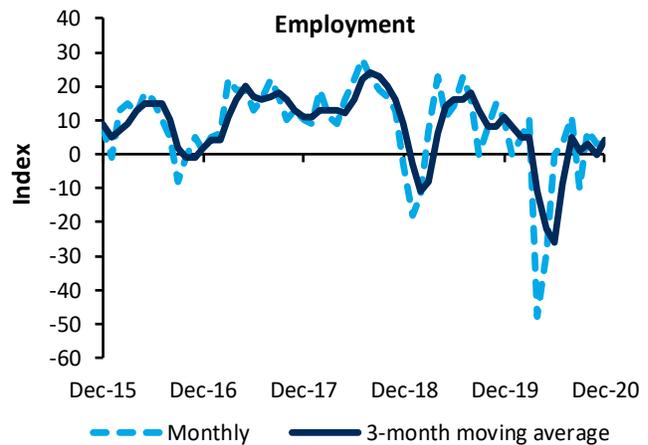
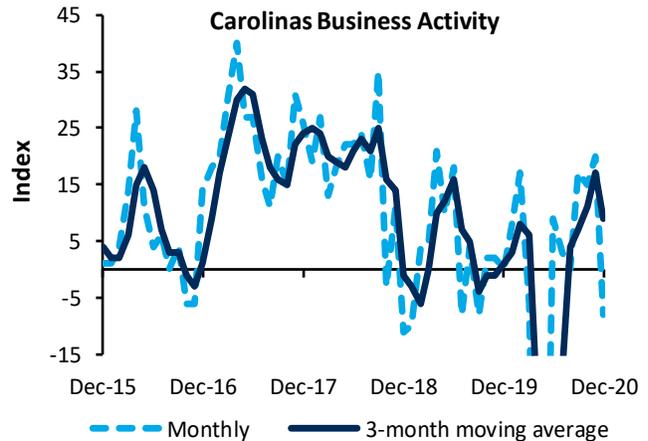
December 23, 2020

Firms in the Carolinas Reported Declines in December

An increased share of firms in the Carolinas reported declines in business in December, according to the most recent survey from the Federal Reserve Bank of Richmond. The indexes for general business conditions and sales fell from 20 and 25, respectively, in November to -8 in December, their first negative readings since May. However, firms were optimistic that conditions would improve in the next six months.

Survey results indicated that employment and wages increased for many firms in December, but respondents reported continued difficulty finding workers with the necessary skills. They expected this issue to continue but employment to grow further in the near future.

The average growth rate of prices paid by survey respondents decreased slightly in December, while that of prices received increased, narrowing the gap between the two. Participants expected the gap to widen in the coming months.



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| Business Activity Indexes ^{1,4} | | | | | | |
|--|--------------------|--------|--------|---------------------------|--------|--------|
| Business Conditions in the Carolinas | Current Conditions | | | Expectations ² | | |
| | Dec-20 | Nov-20 | Oct-20 | Dec-20 | Nov-20 | Oct-20 |
| General Business Conditions | -8 | 20 | 15 | 13 | 29 | 22 |
| Sales | -8 | 25 | 12 | 24 | 23 | 25 |
| Employment | | | | | | |
| Number of Employees | 3 | 3 | 7 | 23 | 23 | 17 |
| Availability of Skills Needed | -14 | -17 | -25 | -13 | -14 | -22 |
| Average Workweek | 3 | 10 | -10 | 13 | 0 | 0 |
| Wages | 29 | 26 | 18 | 54 | 46 | 43 |
| Spending | | | | | | |
| Business Services Expenditures | 3 | 7 | 7 | 5 | 7 | 1 |
| Total Capital Expenditures | -3 | 10 | -3 | 13 | 38 | 30 |
| Equipment or Software Expenditures | 0 | 22 | 6 | 17 | 22 | 9 |
| Price Trends³ | | | | | | |
| Prices Paid for Inputs | 2.58 | 2.62 | 2.30 | 2.81 | 2.38 | 2.38 |
| Prices Received for Outputs | 2.09 | 1.79 | 1.71 | 1.68 | 1.70 | 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 63 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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