

Regional Surveys of Business Activity

Carolinas Survey of Business Activity

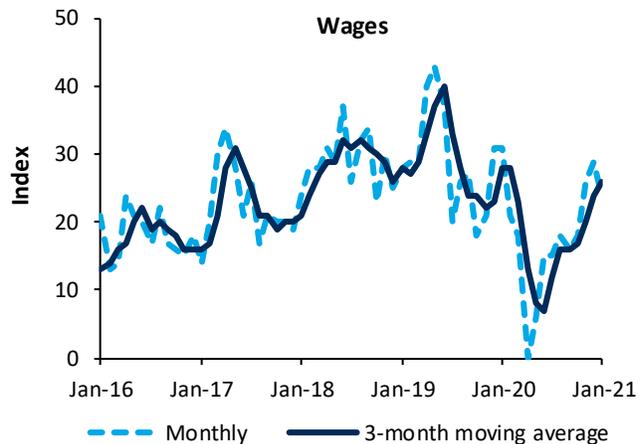
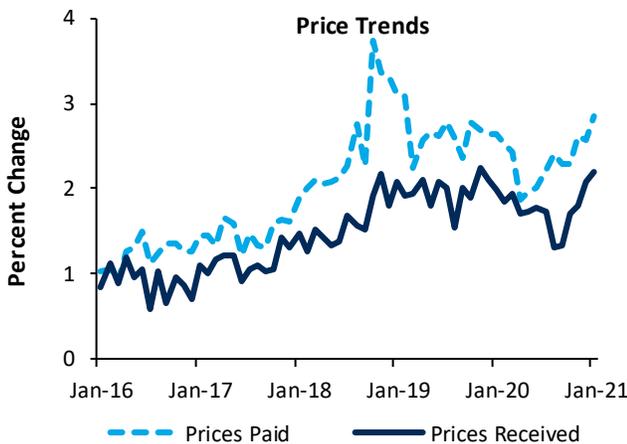
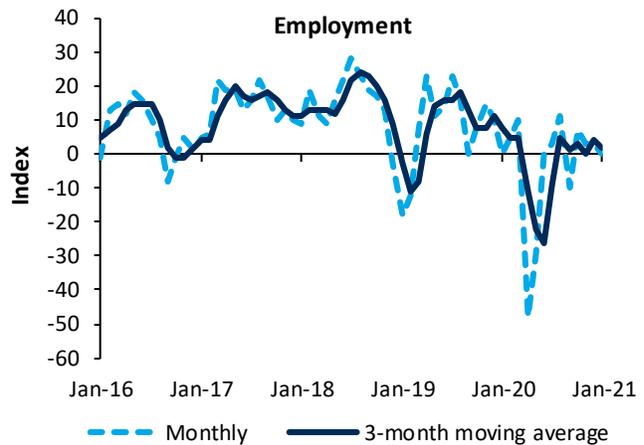
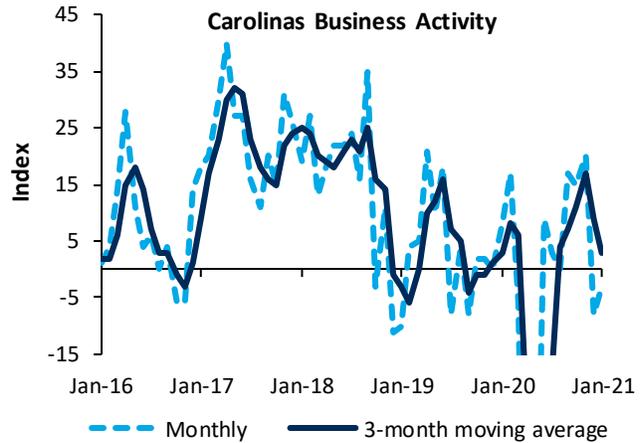
January 28, 2021

Firms Reported Some Softening in January

Some firms in the Carolinas reported softening business conditions in January, according to the most recent survey from the Federal Reserve Bank of Richmond. The indexes for general business conditions and sales increased from -8 in December to -3 and -2, respectively, in January. However, firms reported some increases in capital spending and were optimistic that conditions would improve in the near future.

An equal number of survey participants reported increasing and decreasing employment in January, and many firms reported wage increases. Respondents struggled to find workers with the necessary skills, and they expected this difficulty to continue and wages to rise in the coming months.

The average growth rates of both prices paid and prices received by survey participants increased in January, as growth of prices paid continued to outpace that of prices received. Firms expected to see a decline in growth of both prices paid and prices received in the next six months.



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Business Activity Indexes^{1,4}

Business Conditions in the Carolinas	Current Conditions			Expectations ²		
	Jan-21	Dec-20	Nov-20	Jan-21	Dec-20	Nov-20
General Business Conditions	-3	-8	20	21	13	29
Sales	-2	-8	25	27	24	23
Employment						
Number of Employees	0	3	3	4	23	23
Availability of Skills Needed	-17	-14	-17	-17	-13	-14
Average Workweek	-4	3	10	0	13	0
Wages	24	29	26	44	54	46
Spending						
Business Services Expenditures	0	3	7	0	5	7
Total Capital Expenditures	4	-3	10	7	38	30
Equipment or Software Expenditures	2	0	22	2	17	22
Price Trends³						
Prices Paid for Inputs	2.86	2.58	2.62	2.67	2.81	2.38
Prices Received for Outputs	2.19	2.09	1.79	1.92	1.68	1.70

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 66 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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