

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

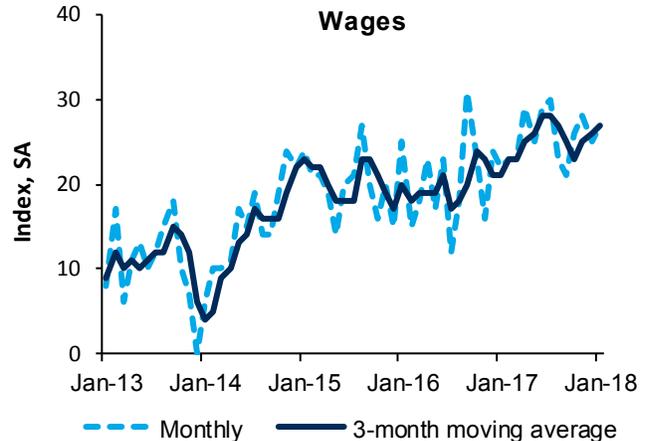
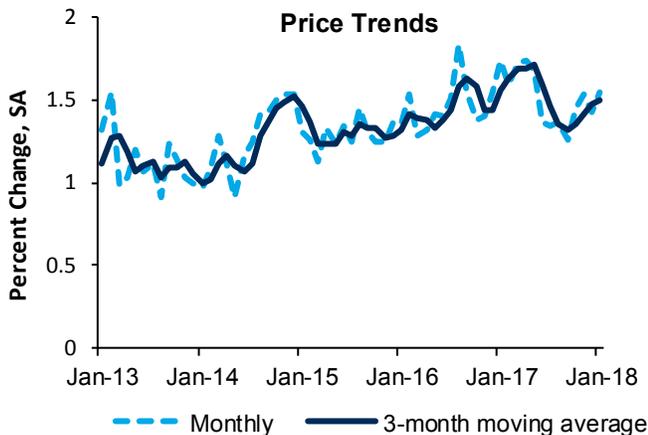
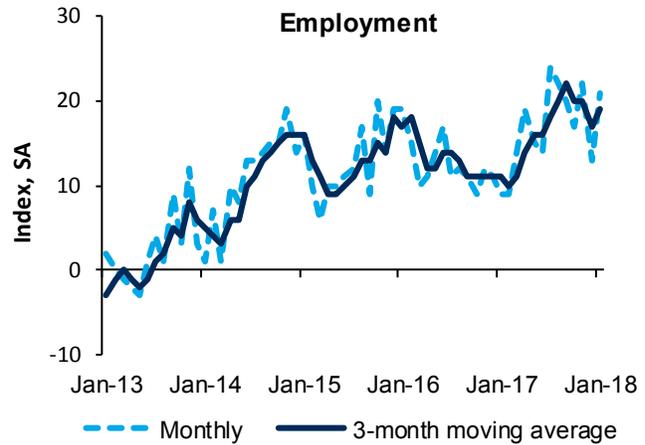
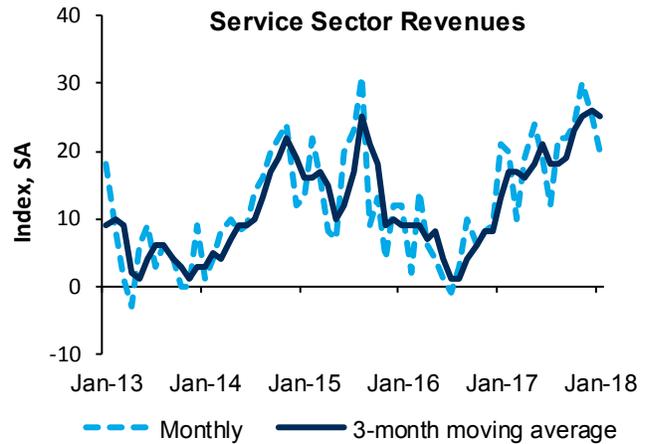
January 23, 2018

Fifth District Service Sector Firms Reported Moderate Growth in January

According to the latest survey by the Federal Reserve Bank of Richmond, service sector firms reported moderate growth in January. The revenue index remained positive but was lower than its December value, as a slight increase in revenues among service sector firms was offset by a large decrease in retail revenues. Expected demand in the service sector continued to grow, but the share of firms expecting demand to increase was the lowest it had been since July 2017.

Labor conditions in the service sector reportedly improved in January, as indicators rose for both employment and wages. Services firms in particular saw firmer demand for labor as the employment index rose from 11 to 21, reaching a five-month high.

Both retail and services firms saw bigger price increases in January. In addition, their expectations for future price increases were higher in January than they were in December.



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Business Activity Indexes^{1,4}

Overall Service Sector Indicators	Current Conditions			
	Jan-18	Dec-17	Nov-17	3-Month Average
Revenues	20	25	30	25
Number of Employees	21	13	22	19
Average Wage	27	25	28	27
Expected Demand ²	37	39	49	42
Retail Indicators				
Sales Revenues	-18	18	26	9
Number of Employees	19	31	30	27
Average Wage	32	34	39	35
Inventories	36	44	28	36
Big-ticket Sales	20	24	21	22
Shopper Traffic	-25	6	4	-5
Expected Demand for Goods ²	47	39	67	51
Services Firms Indicators				
Revenues	26	24	31	27
Number of Employees	21	11	20	17
Average Wage	26	24	26	25
Expected Demand for Services ²	38	40	46	41
Current Price Trends ³				
Service Sector	1.55	1.43	1.54	
Retail	1.94	-0.07	1.65	
Services Firms	1.52	1.34	1.52	
Expected Price Trends ^{2,3}	Expectations			
	Jan-18	Dec-17	Nov-17	
Service Sector	1.92	1.71	1.55	
Retail	1.82	1.37	1.96	
Services Firms	1.91	1.69	1.51	

Technical Notes:

- ¹ Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Data are seasonally adjusted. Results are based on responses from 118 firms.
- ² Expectations refer to the time period six months out from the survey period.
- ³ Price changes are expressed as percent change, annualized.
- ⁴ All firms surveyed are located within the Fifth Federal Reserve District, which includes the District of Columbia, Maryland, North Carolina, South Carolina, Virginia, and most of West Virginia.

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