

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

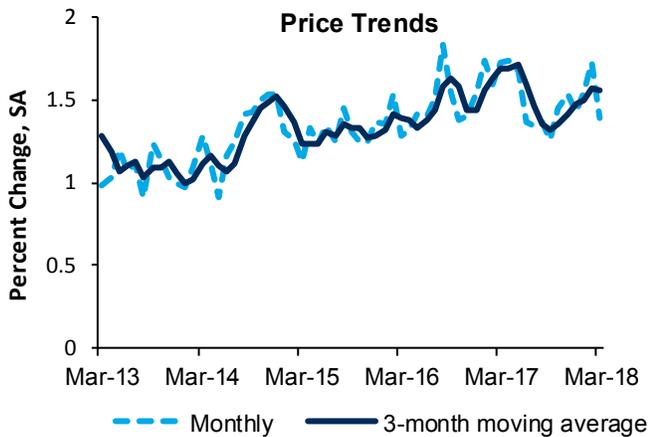
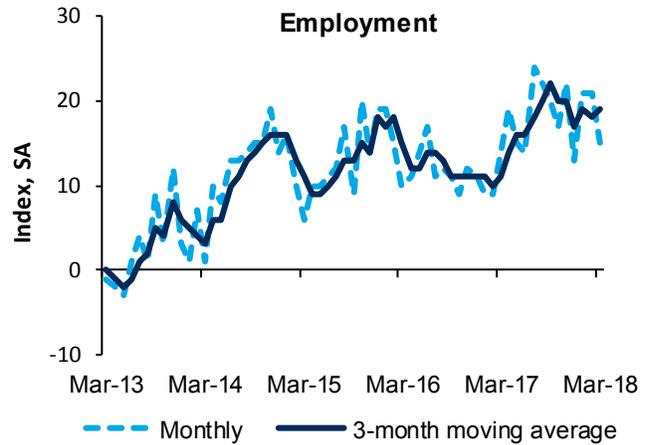
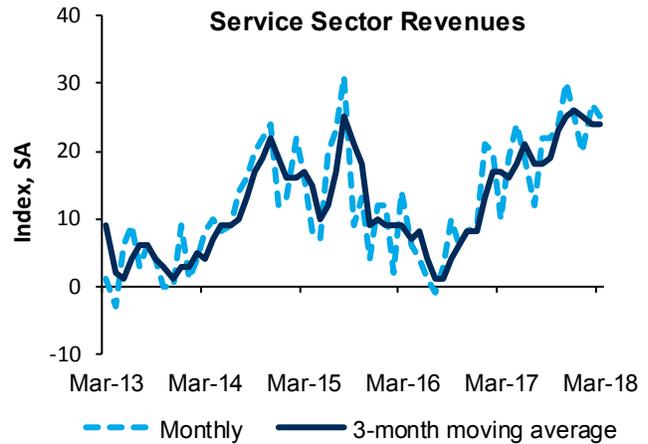
March 27, 2018

Fifth District Service Sector Firms Reported Moderate Growth in March

Results from the Richmond Fed's latest survey suggest that the District's service sector expanded moderately in March. Most indicators decreased but remained fairly strong, as the revenues index fell from 27 in February to 25 in March.

Service sector employment growth appeared to slow in March, while wage gains spread further. Notably, the availability of skills index dropped back into negative territory, indicating that a greater share of firms experienced difficulty finding employees this month. Firms expect to continue to struggle with hiring in the coming months.

District service sector firms saw softer price growth in March for both prices paid and received, but prices received continued to rise at a slower rate than prices paid. While firms anticipate higher growth in both metrics in the next six months, they expect growth in prices paid to continue to outpace growth in prices received.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Mar-18	Feb-18	Jan-18	Mar-18	Feb-18	Jan-18
Revenues	25	27	20	33	41	40
Demand	23	26	24	42	41	37
Local Business Conditions	15	31	21	34	43	45
Capital Expenditures	15	18	17	29	28	38
Equipment & Software Spending	10	21	18	36	26	36
Services Expenditures	14	15	10	23	14	18
Employment						
Number of Employees	15	21	21	26	39	38
Wages	32	28	27	37	42	44
Availability of Skills Needed	-7	1	1	-7	-2	4
Average Workweek	15	14	18	14	14	22
Price Trends^{2,3}						
Prices Paid	1.84	1.88	2.22	2.15	2.31	1.86
Prices Received	1.39	1.72	1.55	1.83	2.23	1.92

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 106 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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