

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

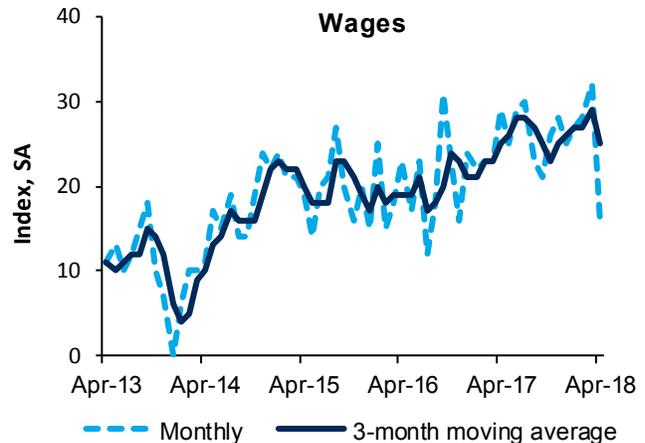
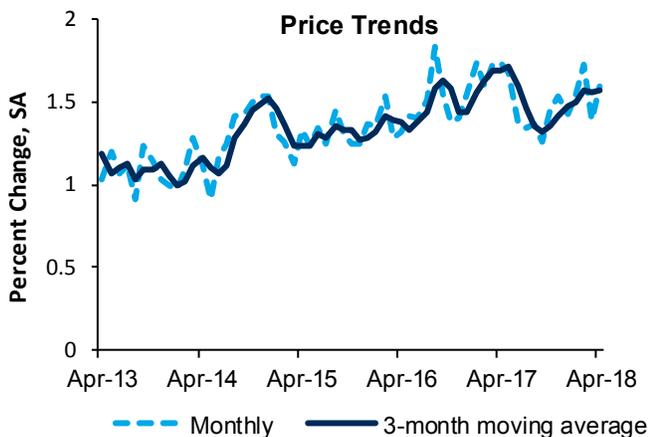
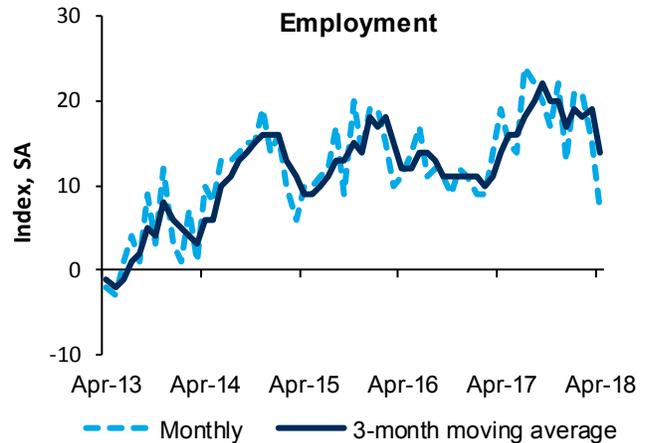
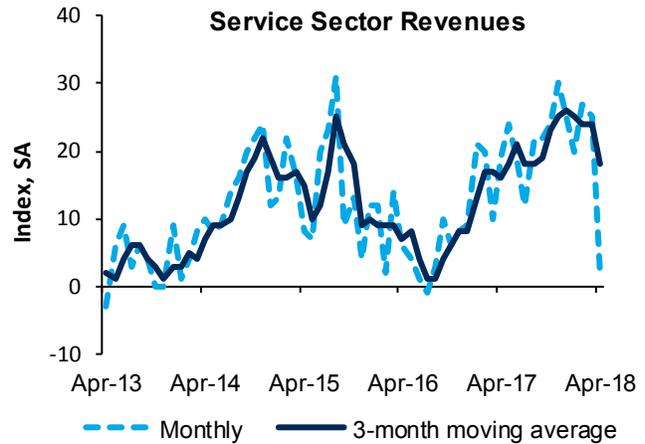
April 24, 2018

Fifth District Service Sector Firms Reported Slowing Growth in April

The Fifth District's service sector saw slowing growth in April, according to the results of the latest survey by the Federal Reserve Bank of Richmond. The revenues index dropped significantly, from 25 in March to 2 in April, its lowest value since July 2016. While most measures of service sector growth fell in April, the majority remained in expansionary territory, and firms were still optimistic that they would see an uptick in growth in the next six months.

On the employment front, a smaller portion of firms reported hiring in April than in March, and the weekly hours indicator was negative for the first time since 2013. However, firms generally expected to see growth in the coming months across all four measures of employment.

Prices paid by service sector firms increased at a slower pace again in April, but at a faster rate for prices received, on average. Firms expect to see accelerated growth for both prices paid and prices received in the near future.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Apr-18	Mar-18	Feb-18	Apr-18	Mar-18	Feb-18
Revenues	2	25	27	34	33	41
Demand	11	23	26	36	42	41
Local Business Conditions	10	15	31	33	34	43
Capital Expenditures	15	15	18	26	29	28
Equipment & Software Spending	12	10	21	27	36	26
Services Expenditures	9	14	15	17	23	14
Employment						
Number of Employees	7	15	21	36	26	39
Wages	16	32	28	40	37	42
Availability of Skills Needed	0	-7	1	2	-7	-2
Average Workweek	-1	15	14	19	14	14
Price Trends^{2,3}						
Prices Paid	1.76	1.84	1.88	2.14	2.15	2.31
Prices Received	1.59	1.39	1.72	2.06	1.83	2.23

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 103 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.

For more information contact Roisin McCord at 804.697.8702 or Rich.RegionalSurveyTeam@rich.frb.org