

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

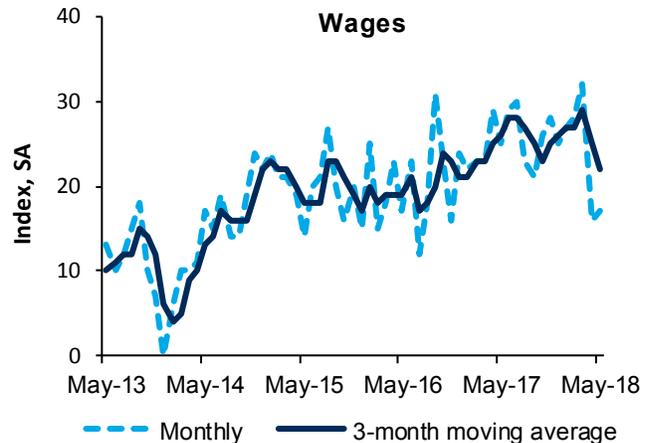
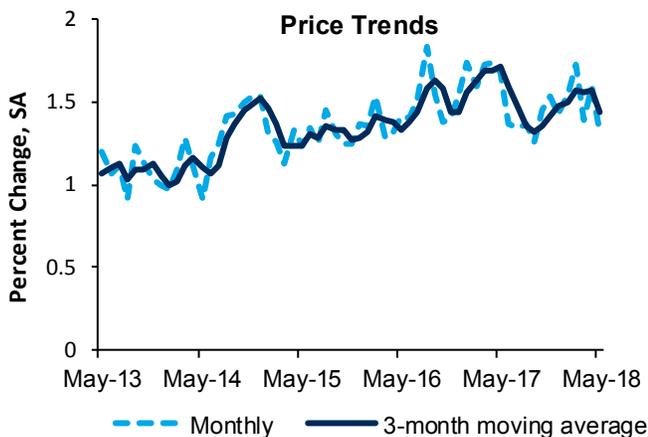
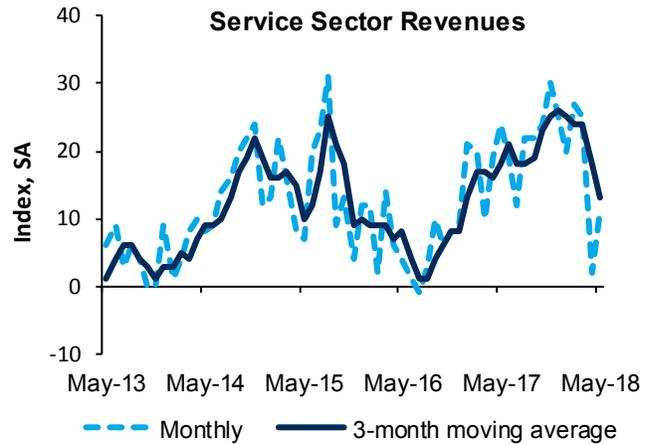
May 22, 2018

Fifth District Service Sector Firms Reported Strong Growth in May

The Fifth District's service sector expanded robustly in May, according to the results of the latest survey by the Federal Reserve Bank of Richmond. Most measures of service sector growth increased, with the revenues index jumping from 2 in April to 11 in May. Survey results also reflected increased demand and an improvement in local business conditions, and firms were optimistic that these trends would continue in the coming months.

The employment and wages metrics increased further into positive territory, but a decline in the availability of skills measure (to -9 from 0) suggest that firms had more difficulty finding workers. Firms expect these dynamics to persist in coming months.

Prices paid by services firms grew at a higher rate, on average, in May. However, prices received increased at a slightly slower pace. Firms expected to see growth for both prices paid and received to accelerate in the next six months.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	May-18	Apr-18	Mar-18	May-18	Apr-18	Mar-18
Revenues	11	2	25	29	34	33
Demand	17	11	23	34	36	42
Local Business Conditions	16	10	15	25	33	34
Capital Expenditures	15	15	15	27	26	29
Equipment & Software Spending	13	12	10	30	27	36
Services Expenditures	12	9	14	14	17	23
Employment						
Number of Employees	12	7	15	31	36	26
Wages	17	16	32	37	40	37
Availability of Skills Needed	-9	0	-7	-9	2	-7
Average Workweek	8	-1	15	8	19	14
Price Trends^{2,3}						
Prices Paid	2.14	1.76	1.84	2.52	2.14	2.15
Prices Received	1.32	1.59	1.39	1.75	2.06	1.83

Technical Notes:

- 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 102 firms.
- Expectations refer to the time period six months out from the survey period.
- Price changes are expressed as percent change, annualized.
- 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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