

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

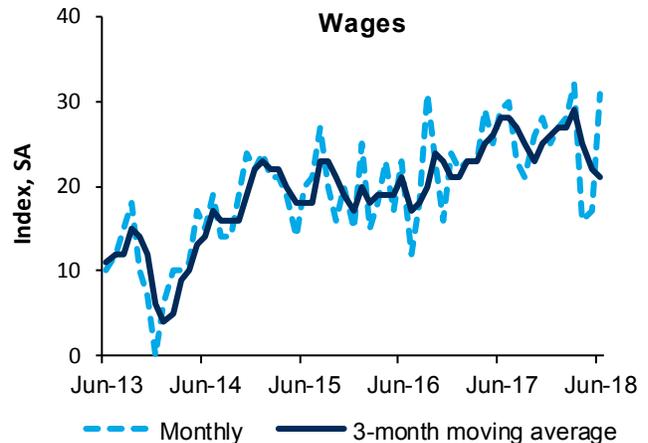
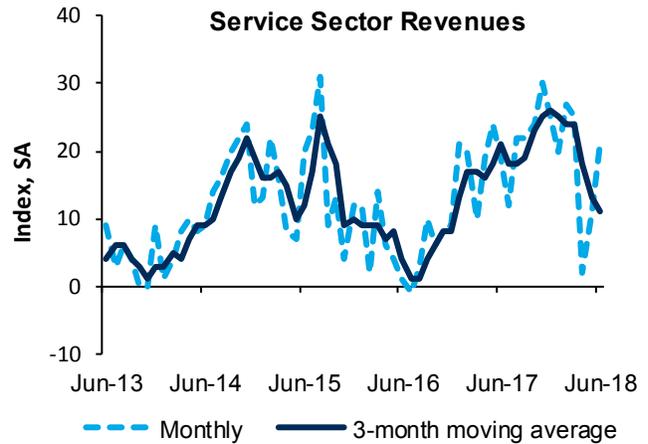
June 26, 2018

Fifth District Service Sector Firms Reported Robust Growth in June

Fifth District service sector activity grew robustly in June, according to the results of the latest survey by the Federal Reserve Bank of Richmond. Most service sector survey measures increased, with the revenues index jumping from 11 in May to 21 in June. Firms also reported robust growth in demand and local business conditions as well as increased business expenditures. In addition, they generally expect conditions to improve further in the next six months.

Survey results indicate strong employment growth in June and a notable increase in wages, as the wage index rose from 17 in May to 31 in June. However, firms continued to struggle to find workers with the required skills. Many firms expect this problem to persist in the coming months but anticipate continued growth in employment.

Service sector firms saw faster growth in both prices paid and prices received, although input price growth continued to outpace that of outputs. Firms expect this trend to continue in the coming months.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Jun-18	May-18	Apr-18	Jun-18	May-18	Apr-18
Revenues	21	11	2	48	29	34
Demand	29	17	11	51	34	36
Local Business Conditions	22	16	10	45	25	33
Capital Expenditures	22	15	15	30	27	26
Equipment & Software Spending	30	13	12	28	30	27
Services Expenditures	19	12	9	31	14	17
Employment						
Number of Employees	17	12	7	46	31	36
Wages	31	17	16	52	37	40
Availability of Skills Needed	-12	-9	0	-3	-9	2
Average Workweek	6	8	-1	17	8	19
Price Trends^{2,3}						
Prices Paid	2.52	2.14	1.76	2.90	2.52	2.14
Prices Received	2.07	1.32	1.59	2.50	1.75	2.06

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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