

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

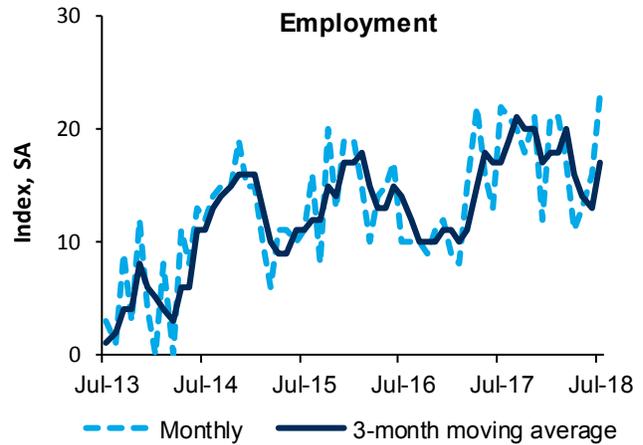
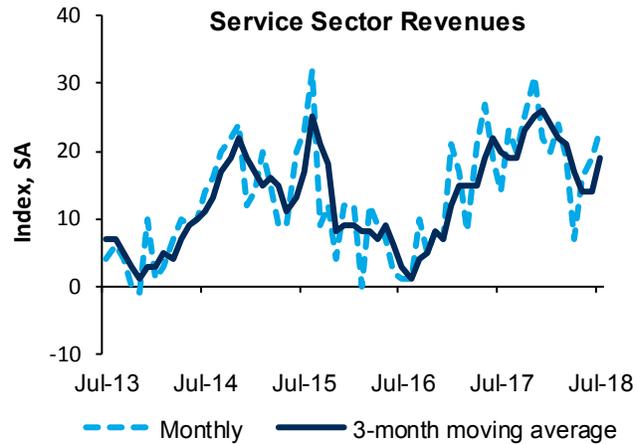
July 24, 2018

Fifth District Service Sector Activity Remained Strong in July

According to the results of the latest survey by the Federal Reserve Bank of Richmond, Fifth District service sector activity remained strong in July. Growth continued across most measures as the index for demand rose from 27 in June to 33 in July. Respondents also reported strong growth in revenues and improving business conditions as well as continued growth in spending. Also, they expect activity to continue to strengthen in the coming months.

Survey results suggest robust growth in employment in July, but firms continued to struggle to find workers with the skills they needed, as this indicator came in at -10 in July. While respondents expect this struggle to remain in the next six months, they also anticipate continued growth in employment and wages.

Service sector firms saw accelerated growth in both prices paid and prices received in July, as prices paid continued to grow at a higher rate than prices received. Firms expected this trend to continue in the coming months.



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Business Activity Indexes^{1,4,5}

Service Sector Indicators	Current Conditions			Expectations ²		
	Jul-18	Jun-18	May-18	Jul-18	Jun-18	May-18
Revenues	23	19	16	45	46	33
Demand	33	27	21	43	50	39
Local Business Conditions	22	20	18	32	42	30
Capital Expenditures	26	22	17	28	30	27
Equipment & Software Spending	26	30	16	24	29	30
Services Expenditures	13	18	13	12	29	15
Employment						
Number of Employees	23	16	13	29	45	32
Wages	28	29	20	48	51	39
Availability of Skills Needed	-10	-12	-8	-3	-1	-7
Average Workweek	21	7	8	14	16	10
Price Trends^{2,3}						
Prices Paid	2.75	2.55	2.18	2.98	2.80	2.44
Prices Received	2.29	2.09	1.33	2.55	2.37	1.60

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 113 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.
- Seasonal adjustment factors have been recalculated to better reflect current economic trends, and the entire series has been revised. New factors will be calculated annually.

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