

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

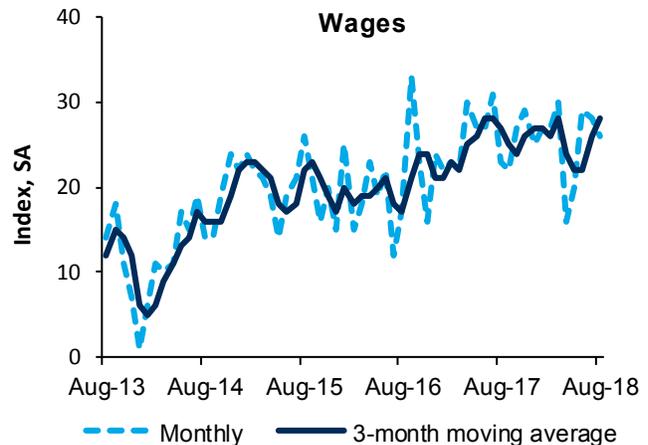
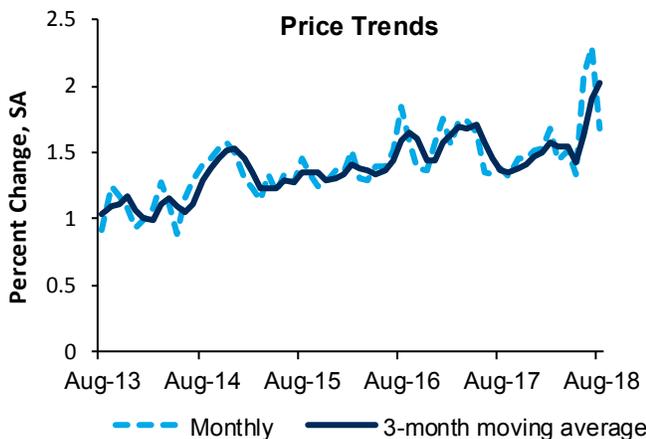
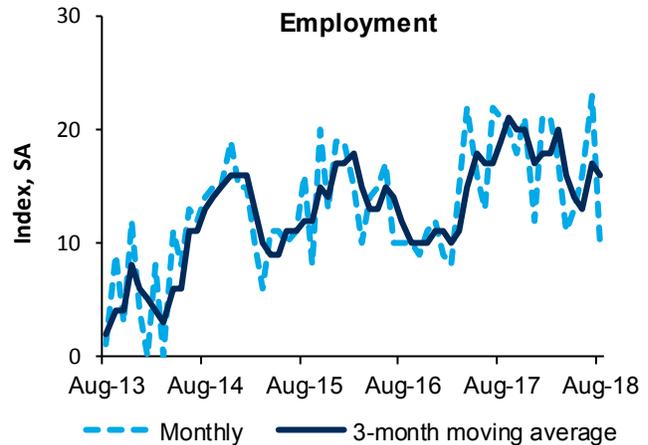
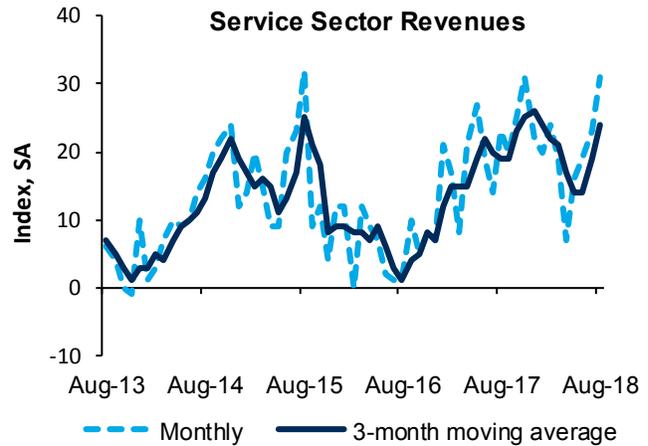
August 28, 2018

Fifth District Service Sector Firms Reported Robust Activity in August

Fifth District service sector activity was robust in August, according to the results of the latest survey by the Federal Reserve Bank of Richmond. The revenues index rose from 23 in July to 31 in August, its highest reading since November. While results suggest a slight softening of growth in demand, this measure remained in firmly expansionary territory. Firms were optimistic, expecting growth to continue in the next six months.

Survey respondents reported slowing employment growth, as the index fell from 23 in July to 10 in August, but they expect growth in employment to pick up in the coming months. Service sector firms continued to struggle to find workers with the skills they needed and expect this problem to persist in the near future.

Service sector firms saw smaller increases for both prices paid and prices received in August, as growth of prices paid continued to exceed growth of prices received. Firms expect both prices paid and price received to rise faster in the next six months.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Aug-18	Jul-18	Jun-18	Aug-18	Jul-18	Jun-18
Revenues	31	23	19	44	45	46
Demand	28	33	27	42	43	50
Local Business Conditions	23	22	20	35	32	42
Capital Expenditures	18	26	22	26	28	30
Equipment & Software Spending	24	26	30	26	24	29
Services Expenditures	18	13	18	23	12	29
Employment						
Number of Employees	10	23	16	29	29	45
Wages	26	28	29	38	48	51
Availability of Skills Needed	-11	-10	-12	-2	-3	-1
Average Workweek	9	21	7	13	14	16
Price Trends^{2,3}						
Prices Paid	2.03	2.75	2.55	2.55	2.98	2.80
Prices Received	1.68	2.29	2.09	2.19	2.55	2.37

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 116 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