

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

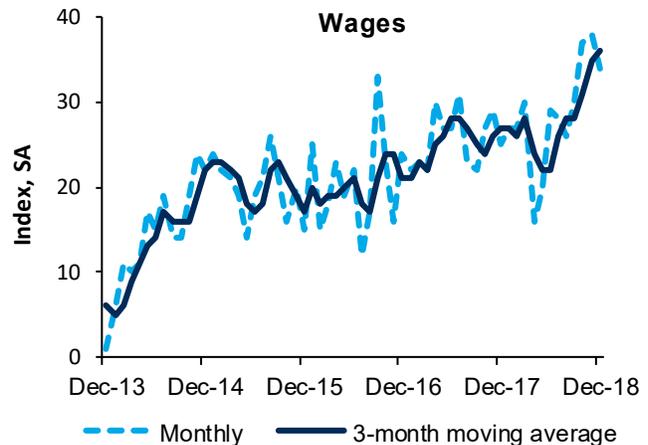
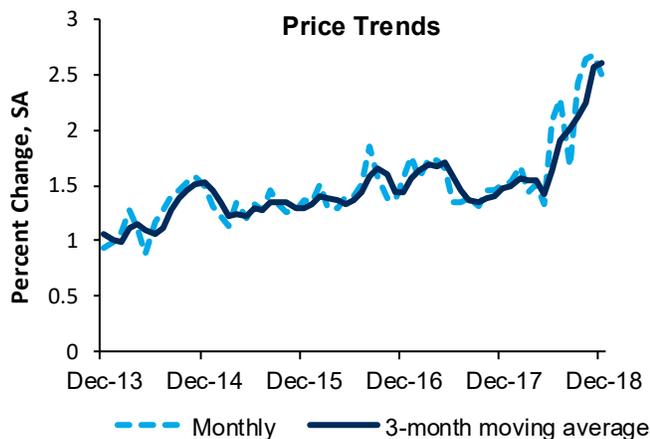
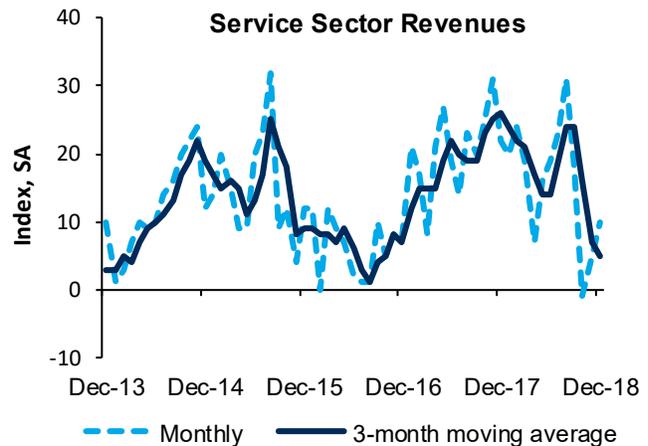
December 26, 2018

Fifth District Service Sector Grew Moderately in December

Fifth District service sector activity grew moderately in December, according to the results of the latest survey by the Federal Reserve Bank of Richmond. The revenues index rose from 5 in November to 10 in December. Many firms also reported growth in demand and spending as well as strengthening business conditions. Survey respondents were optimistic, expecting growth to continue in the coming months.

Survey results suggested continued growth in wages and fairly steady employment in December. However, firms still struggled to find employees with the necessary skills. Respondents expected this problem to continue in the next six months.

Both prices paid and prices received by service sector firms grew in December, and prices paid continued to grow faster than prices received. Firms expected price growth to slow slightly but remain positive in the near future.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Dec-18	Nov-18	Oct-18	Dec-18	Nov-18	Oct-18
Revenues	10	5	-1	37	29	33
Demand	20	13	11	29	19	26
Local Business Conditions	9	3	1	17	17	23
Capital Expenditures	28	14	21	25	31	34
Equipment & Software Spending	20	13	33	36	29	30
Services Expenditures	13	1	20	21	15	22
Employment						
Number of Employees	3	6	13	26	28	26
Wages	34	38	37	52	55	56
Availability of Skills Needed	-18	-18	-32	-22	-25	-35
Average Workweek	0	7	5	16	8	10
Price Trends^{2,3}						
Prices Paid	3.03	3.38	4.07	2.88	2.81	3.73
Prices Received	2.51	2.68	2.64	2.01	2.31	2.99

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 86 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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