

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

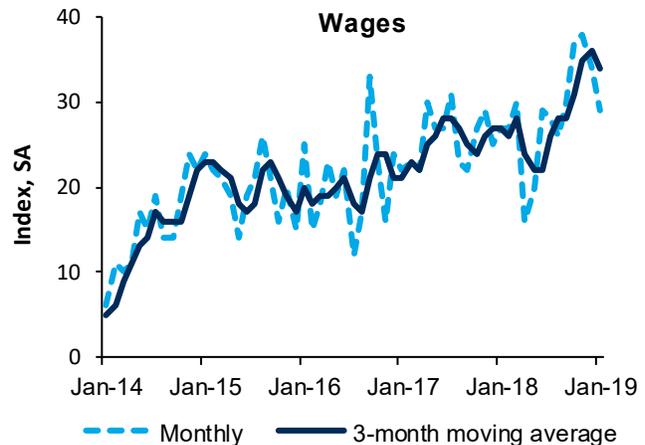
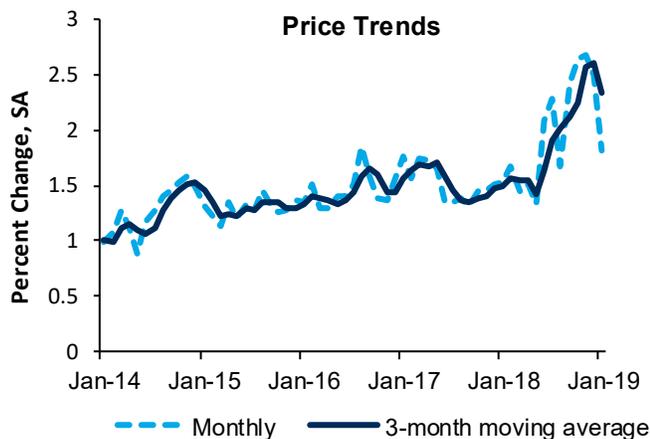
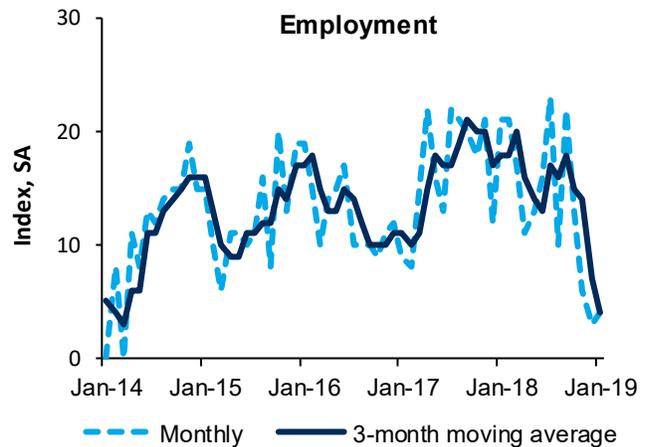
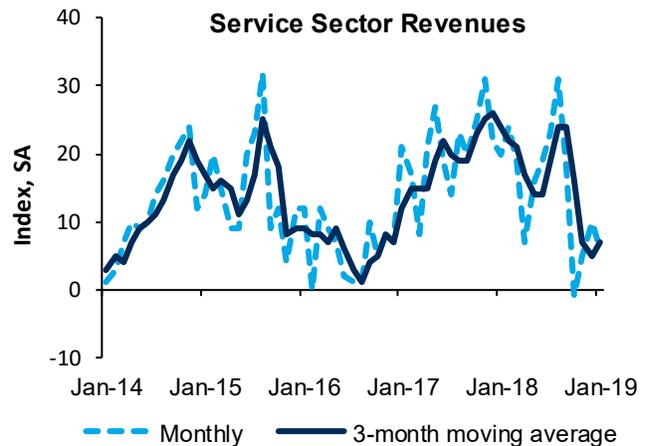
January 23, 2019

Fifth District Service Sector Grew Modestly in January

Fifth District service sector activity continued to grow modestly in January, according to the results of the latest survey by the Federal Reserve Bank of Richmond. The revenues index fell from 10 in December to 6 in January but remained in expansionary territory. However, service firms did report some weakening in local business conditions, as that index dropped from 9 to -8, its lowest reading on record. Respondents expected to see continued growth in revenues and demand but weak local conditions in the next six months.

Survey results suggested that employment and wage growth remained generally healthy in January, but firms still experienced difficulty finding workers with necessary skills. Firms expected this difficulty to persist but employment and wages to continue to grow in the near future.

Respondents reported slower growth of both prices paid and prices received in January. Growth in prices paid continued to outpace growth in prices received, but firms expected the gap to narrow in the coming months.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Jan-19	Dec-18	Nov-18	Jan-19	Dec-18	Nov-18
Revenues	6	10	5	18	37	29
Demand	11	20	13	19	29	19
Local Business Conditions	-8	9	3	-6	17	17
Capital Expenditures	4	28	14	18	25	31
Equipment & Software Spending	14	20	13	17	36	29
Services Expenditures	0	13	1	0	21	15
Employment						
Number of Employees	4	3	6	21	26	28
Wages	29	34	38	51	52	55
Availability of Skills Needed	-20	-18	-18	-10	-22	-25
Average Workweek	4	0	7	15	16	8
Price Trends^{2,3}						
Prices Paid	2.83	3.03	3.38	2.49	2.88	2.81
Prices Received	1.82	2.51	2.68	2.10	2.01	2.31

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 90 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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