

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

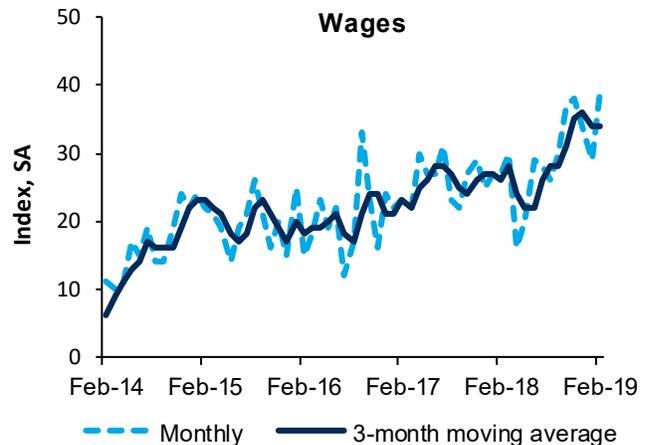
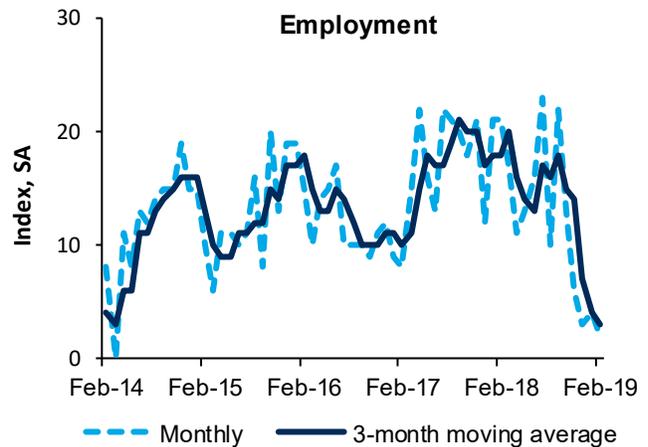
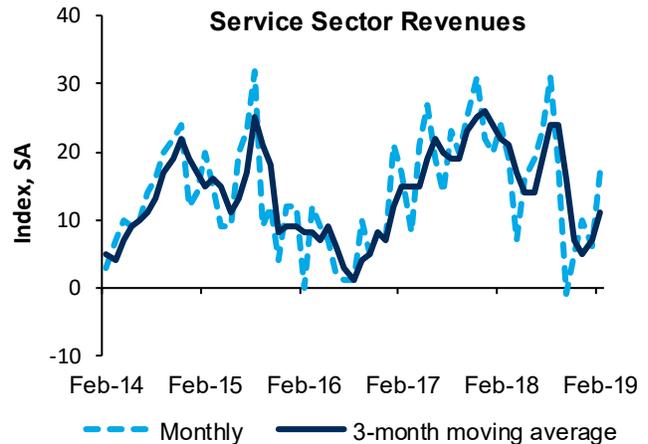
February 26, 2019

Fifth District Service Sector Was Strong in February

Fifth District service sector activity was strong in February, according to the results of the latest survey by the Federal Reserve Bank of Richmond. The revenues index rose from 6 in January to 17 in February, and firms reported continued expansion in demand. Meanwhile, the indicator for local business conditions was basically flat, after a negative reading last month. Firms were optimistic that conditions would continue to improve in the near future.

Survey results suggested wage growth and steady employment in February. However, finding workers with necessary skills continued to be a challenge for firms. Firms expected to see growth in employment and wages but continued difficulty finding workers in the next six months.

The growth rates of both prices paid and prices received by survey participants rose in February, as growth of prices paid continued to outpace growth of prices received, although the gap narrowed. Firms expected these trends to continue in the coming months.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Feb-19	Jan-19	Dec-18	Feb-19	Jan-19	Dec-18
Revenues	17	6	10	40	18	37
Demand	5	11	20	29	19	29
Local Business Conditions	1	-8	9	16	-6	17
Capital Expenditures	15	4	28	23	18	25
Equipment & Software Spending	24	14	20	30	17	36
Services Expenditures	7	0	13	9	0	21
Employment						
Number of Employees	2	4	3	32	21	26
Wages	39	29	34	65	51	52
Availability of Skills Needed	-16	-20	-18	-13	-10	-22
Average Workweek	3	4	0	19	15	16
Price Trends^{2,3}						
Prices Paid	2.97	2.83	3.03	2.70	2.49	2.88
Prices Received	2.50	1.82	2.51	2.27	2.10	2.01

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 85 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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