

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

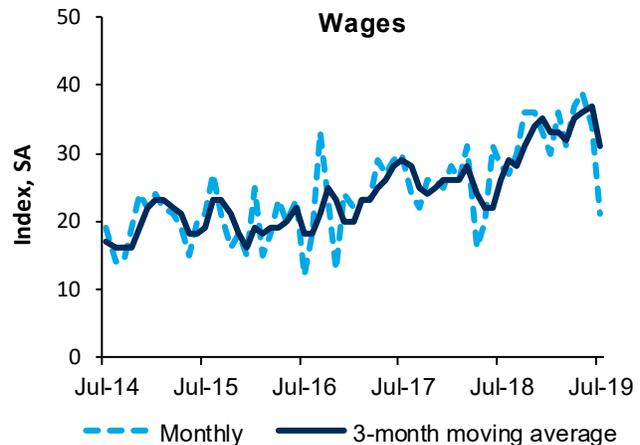
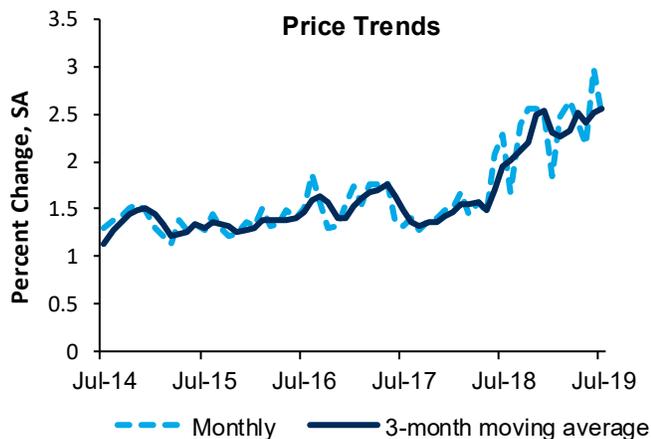
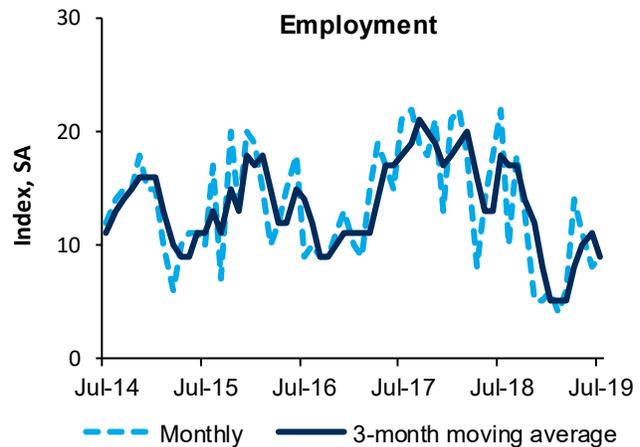
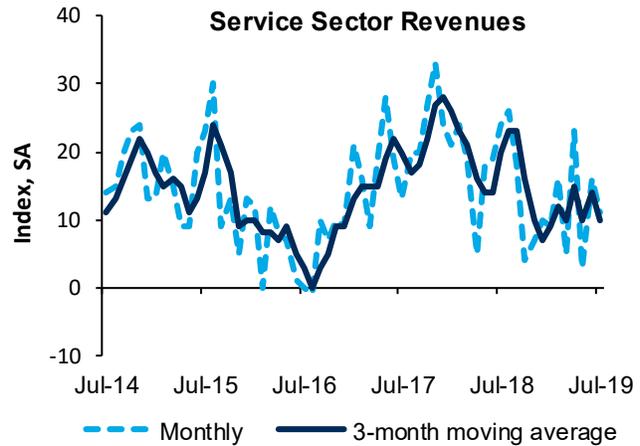
July 23, 2019

Fifth District Service Sector Remained Solid in July

Fifth District service sector activity remained solid in July, according to the results of the most recent survey by the Federal Reserve Bank of Richmond. The demand index rose from 12 in June to 18 in July, while the revenues index dropped slightly but remained positive. Firms also reported growth in spending and were optimistic that business would stay strong in the next six months.

Survey results suggested positive growth in employment, wages, and the average work week in July. However, firms had continued difficulty finding workers with the necessary skills, a struggle they expected to persist, along with wage and employment growth in the coming months.

Growth of prices paid by service sector firms rose in July, while growth of prices received slowed. Growth of prices paid outpaced that of prices received, and survey respondents expected growth of both prices paid and prices received to slow in the near future.



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Business Activity Indexes^{1,4,5}

Service Sector Indicators	Current Conditions			Expectations ²		
	Jul-19	Jun-19	May-19	Jul-19	Jun-19	May-19
Revenues	11	16	3	33	36	38
Demand	18	12	15	29	35	40
Local Business Conditions	7	7	5	23	23	38
Capital Expenditures	16	12	13	25	32	30
Equipment & Software Spending	15	15	21	29	29	31
Services Expenditures	10	5	15	6	13	15
Employment						
Number of Employees	9	8	11	27	29	27
Wages	21	34	39	46	52	60
Availability of Skills Needed	-15	-20	-15	-11	-5	-16
Average Workweek	4	7	5	16	14	14
Price Trends^{2,3}						
Prices Paid	3.12	2.72	2.42	2.82	2.45	2.21
Prices Received	2.50	2.98	2.19	2.03	2.06	1.96

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

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