

# Regional Surveys of Business Activity

## Fifth District Survey of Service Sector Activity

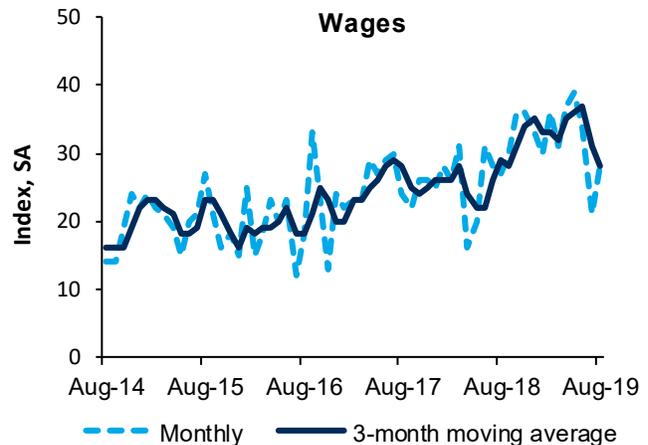
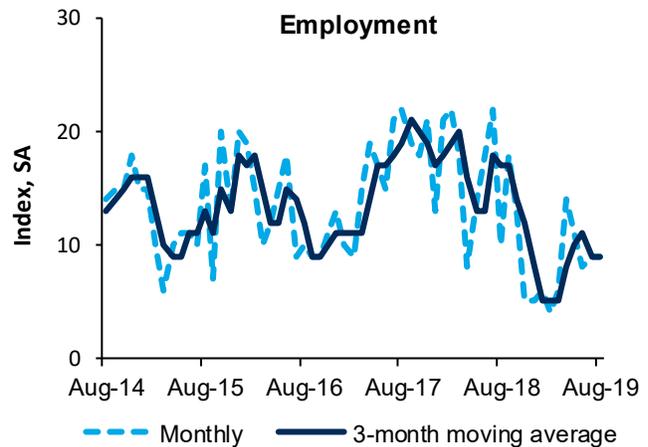
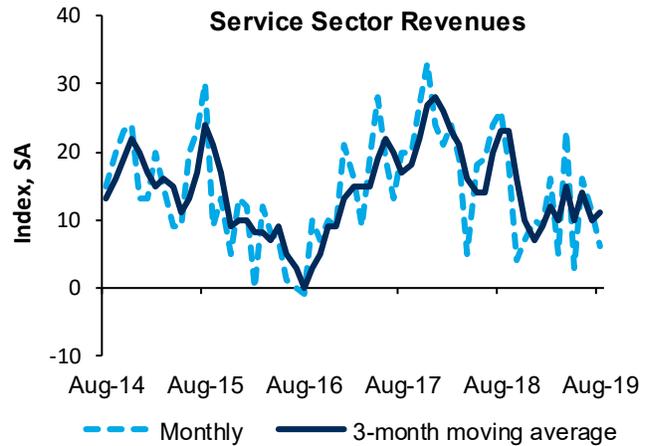
August 27, 2019

### Service Sector Activity Expanded in August

Fifth District service sector activity continued to expand in August, according to the results of the most recent survey by the Federal Reserve Bank of Richmond. The indexes for both revenues and demand dropped slightly from their July readings but remained in expansionary territory at 6 and 13, respectively. Measures of capital expenditures and local business conditions also remained positive, despite declines. Firms were optimistic, expecting conditions to improve in the coming months.

Survey results indicated that firms saw employment and wages continue to grow in the service sector in August. Respondents also reported growth in the average workweek but continued to struggle to find workers with the necessary skills. They expected this difficulty to persist in the near future.

Growth of both prices paid and prices received by service sector firms slowed in August. Prices paid continued to outpace prices received, but respondents expected the gap to narrow in the next six months.



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## Business Activity Indexes<sup>1,4</sup>

Service Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Aug-19	Jul-19	Jun-19	Aug-19	Jul-19	Jun-19
Revenues	6	11	16	28	33	36
Demand	13	18	12	27	29	35
Local Business Conditions	3	7	7	17	23	23
Capital Expenditures	5	16	12	25	25	32
Equipment & Software Spending	19	15	15	29	29	29
Services Expenditures	12	10	5	12	6	13
<b>Employment</b>						
Number of Employees	9	9	8	32	27	29
Wages	28	21	34	58	46	52
Availability of Skills Needed	-12	-15	-20	-3	-11	-5
Average Workweek	14	4	7	14	16	14
<b>Price Trends<sup>2,3</sup></b>						
Prices Paid	2.98	3.12	2.72	2.64	2.82	2.45
Prices Received	1.57	2.50	2.98	1.66	2.03	2.06

### Technical Notes:

- <sup>1</sup> 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.
- <sup>2</sup> Expectations refer to the time period six months out from the survey period.
- <sup>3</sup> Price changes are expressed as percent change, annualized.
- <sup>4</sup> 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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