

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

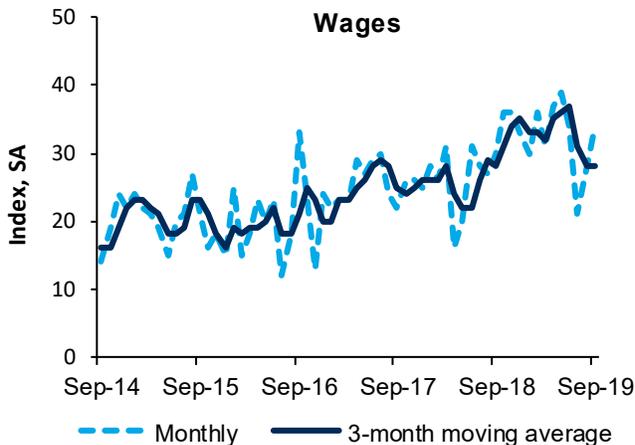
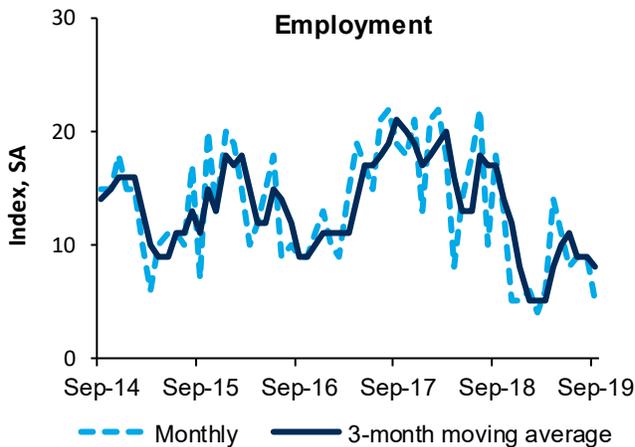
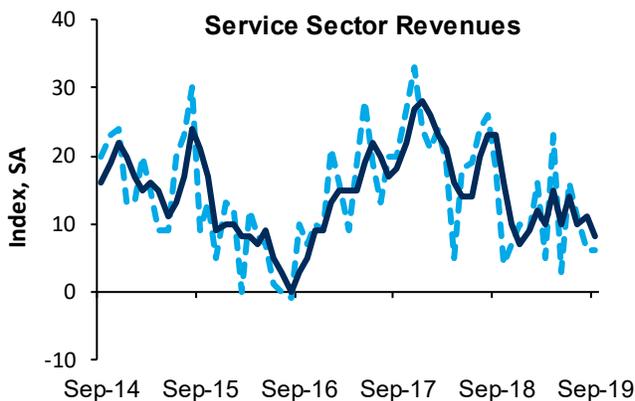
September 24, 2019

Service Sector Activity Was Moderate in September

Fifth District service sector activity was moderate in September, according to the results of the most recent survey by the Richmond Fed. The indexes for both revenues and demand were unchanged at 6 and 13, respectively, indicating continued growth. Local business conditions also held fairly steady and spending growth remained positive, despite drops in the spending indexes. Firms were optimistic that conditions would improve in the next six months.

Many survey respondents saw continued growth in employment and wages in September. However, they experienced continued difficulty finding workers with the necessary skills. Service sector firms expected this struggle to continue, despite anticipated increases in employment and wages in the near future.

The growth rates of both prices paid and prices received by survey participants dropped in September, as growth of prices paid continued to outpace that of prices received. However, 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		
	Sep-19	Aug-19	Jul-19	Sep-19	Aug-19	Jul-19
Revenues	6	6	11	20	28	33
Demand	13	13	18	22	27	29
Local Business Conditions	4	3	7	9	17	23
Capital Expenditures	4	5	16	12	25	25
Equipment & Software Spending	12	19	15	25	29	29
Services Expenditures	10	12	10	11	12	6
Employment						
Number of Employees	5	9	9	38	32	27
Wages	34	28	21	65	58	46
Availability of Skills Needed	-13	-12	-15	-4	-3	-11
Average Workweek	10	14	4	8	14	16
Price Trends^{2,3}						
Prices Paid	2.63	2.98	3.12	2.40	2.64	2.82
Prices Received	1.46	1.57	2.50	1.72	1.66	2.03

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 81 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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