

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

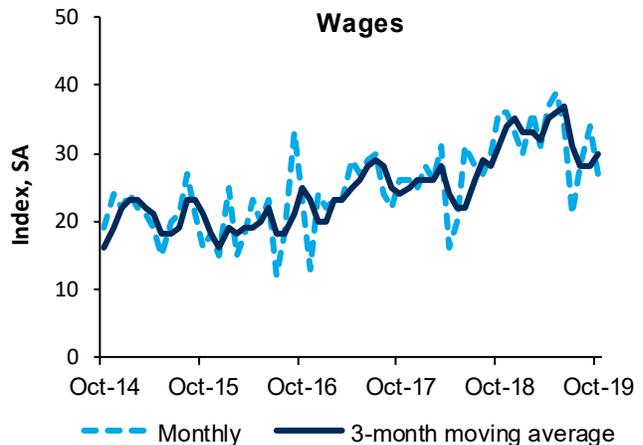
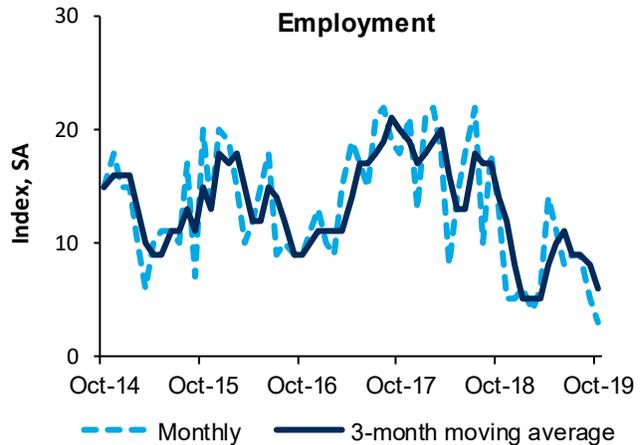
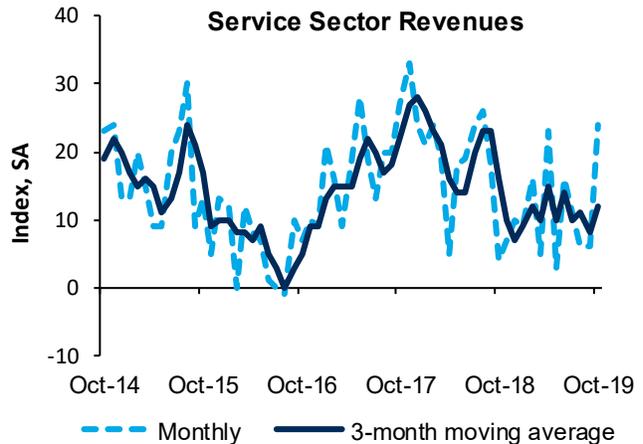
October 22, 2019

Service Sector Activity Was Robust in October

Fifth District service sector activity was robust in October, according to the results of the most recent survey by the Federal Reserve Bank of Richmond. The indexes for both revenue and demand rose, increasing from 6 and 13 in September to 24 and 17 in October, respectively. Firms also reported increased spending and improved local business conditions, and they were optimistic that conditions would continue to improve in the coming months.

Survey results suggested modest growth in employment in October as well as growth in wages and the average workweek. Firms continued to report challenges finding workers with the necessary skills; however, they expected the struggle to lessen and employment and wages to grow in the next six months.

The growth rate of prices paid by survey respondents fell in October, while that of prices received increased, narrowing the gap between the two. However, firms expected growth of prices paid to increase and growth of prices received to slow in the near future.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Oct-19	Sep-19	Aug-19	Oct-19	Sep-19	Aug-19
Revenues	24	6	6	15	20	28
Demand	17	13	13	10	22	27
Local Business Conditions	18	4	3	5	9	17
Capital Expenditures	14	4	5	30	12	25
Equipment & Software Spending	20	12	19	30	25	29
Services Expenditures	0	10	12	11	11	12
Employment						
Number of Employees	3	5	9	26	38	32
Wages	27	34	28	57	65	58
Availability of Skills Needed	-13	-13	-12	0	-4	-3
Average Workweek	12	10	14	9	8	14
Price Trends^{2,3}						
Prices Paid	2.37	2.63	2.98	2.62	2.40	2.64
Prices Received	2.28	1.46	1.57	2.14	1.72	1.66

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 70 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.

For more information contact Roisin McCord at 804.697.8702 or Rich.RegionalSurveyTeam@rich.frb.org