

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

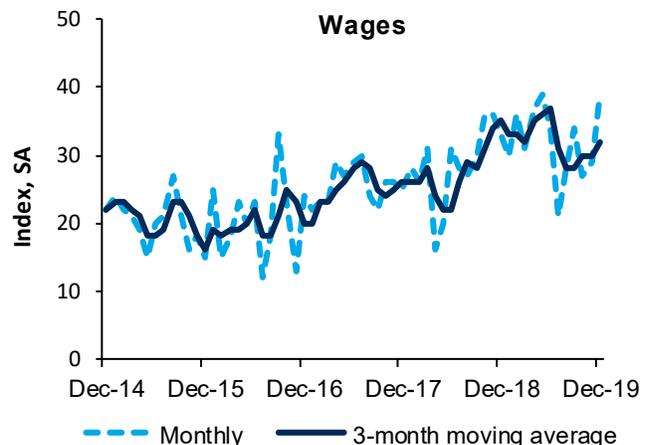
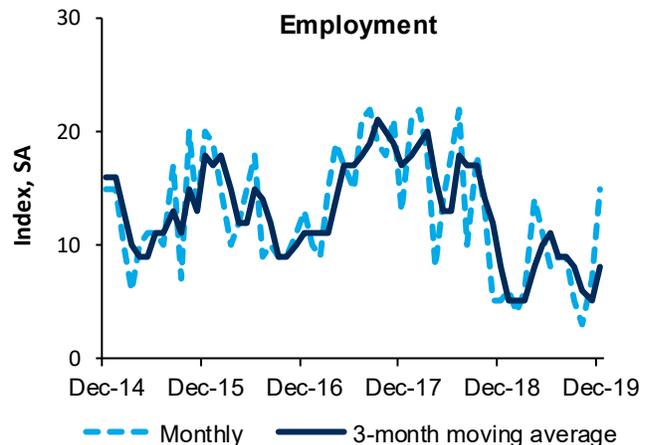
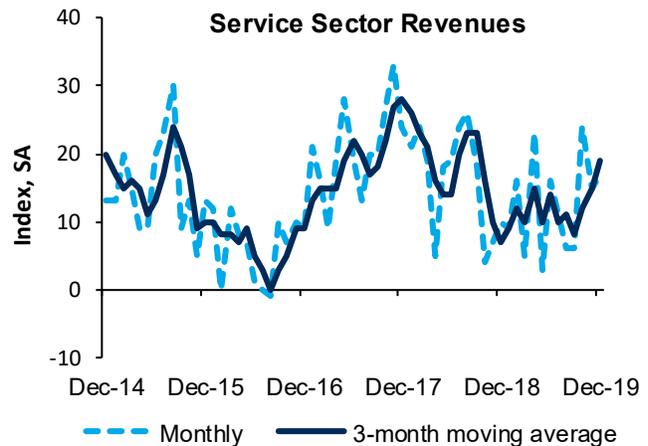
December 24, 2019

Service Sector Remained Strong in December

The Fifth District service sector remained strong in December, according to the results of the most recent survey by the Federal Reserve Bank of Richmond. The indexes for both revenues and demand rose to 17 in December, from their November readings of 15 and 13, respectively. Firms also saw improving local business conditions and increased spending. They were optimistic that conditions would continue to improve in the next six months.

Survey results suggested growth in both employment and wages in December, but finding workers with the necessary skills continued to be a challenge. Firms expected this challenge to continue and wages and employment to continue to grow in the near future.

The average growth rate of both prices paid and prices received by service sector firms rose in December. Growth of prices paid continued to outpace that of prices received, but respondents expected the gap to close in the coming months.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Dec-19	Nov-19	Oct-19	Dec-19	Nov-19	Oct-19
Revenues	17	15	24	29	32	15
Demand	17	13	17	30	20	10
Local Business Conditions	15	14	18	16	16	5
Capital Expenditures	6	12	14	25	18	30
Equipment & Software Spending	17	22	20	27	23	30
Services Expenditures	12	11	0	15	7	11
Employment						
Number of Employees	15	7	3	29	20	26
Wages	39	29	27	53	64	57
Availability of Skills Needed	-14	-22	-13	-9	-13	0
Average Workweek	6	13	12	10	7	9
Price Trends^{2,3}						
Prices Paid	3.53	3.09	2.37	3.07	2.51	2.62
Prices Received	2.49	2.16	2.28	3.07	2.11	2.14

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 75 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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