

# Regional Surveys of Business Activity

## Fifth District Survey of Service Sector Activity

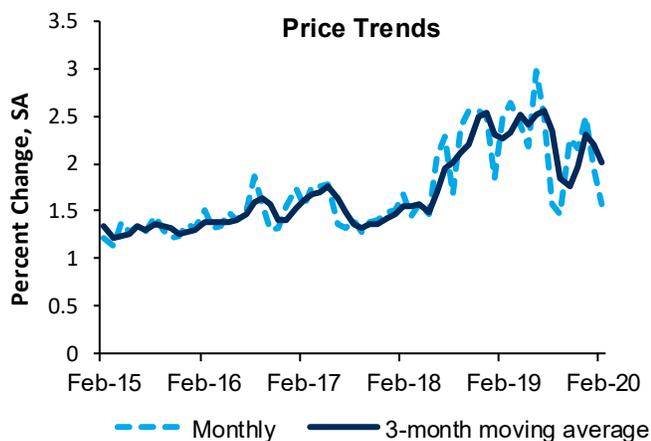
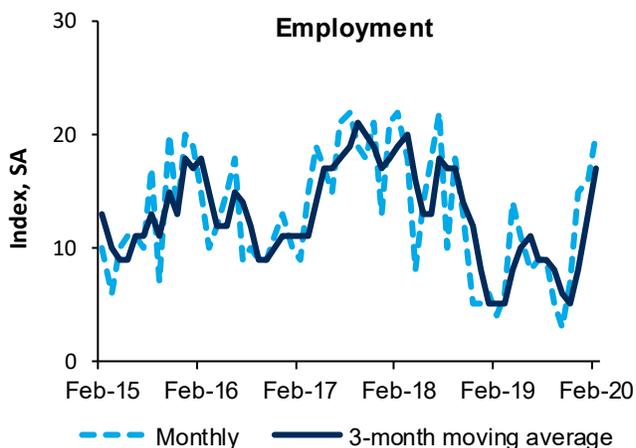
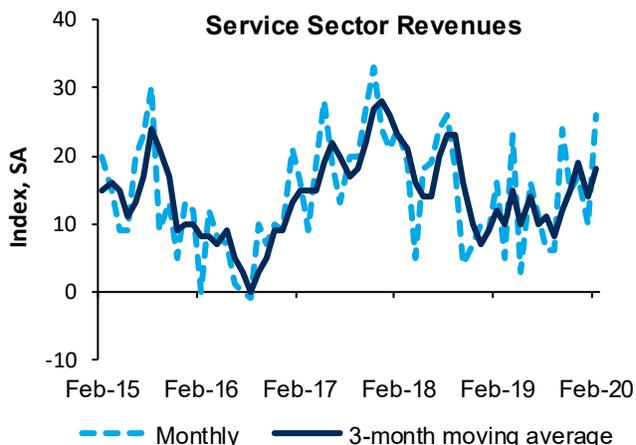
February 25, 2020

### Service Sector Expanded in February

The Fifth District service sector expanded in February, according to the results of the most recent survey from the Richmond Fed. The indexes for revenues and demand rose, from 10 and 16 in January to 26 and 29 in February, respectively. Firms also reported improving local business conditions and continued growth in capital spending. Survey participants were optimistic that activity would be strong in the next six months.

Many service sector firms reported increases in employment and wages in February, but finding workers with the necessary skills continued to be a challenge. Firms expected these trends to continue in the coming months.

The average growth rate of prices paid by survey participants increased in February, while that of prices received slowed, widening the gap between the two. However, firms expected growth of prices paid to slow in the near future and that of prices received to hold relatively steady.



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

Service Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Feb-20	Jan-20	Dec-19	Feb-20	Jan-20	Dec-19
Revenues	26	10	17	28	42	29
Demand	29	16	17	22	36	30
Local Business Conditions	38	11	15	20	23	16
Capital Expenditures	18	22	6	33	32	25
Equipment & Software Spending	28	30	17	28	36	27
Services Expenditures	18	24	12	21	27	15
<b>Employment</b>						
Number of Employees	20	16	15	16	32	29
Wages	35	50	39	46	60	53
Availability of Skills Needed	-22	-11	-14	-10	-11	-9
Average Workweek	2	14	6	17	17	10
<b>Price Trends<sup>2,3</sup></b>						
Prices Paid	3.08	2.70	3.53	2.04	2.36	3.07
Prices Received	1.57	1.96	2.49	1.53	1.61	3.07

### 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 49 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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