

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

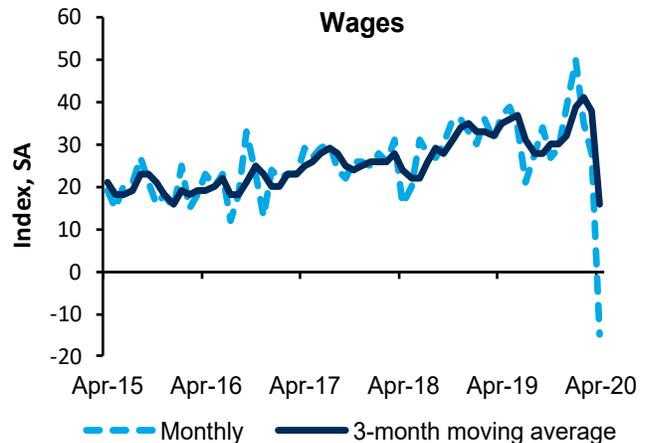
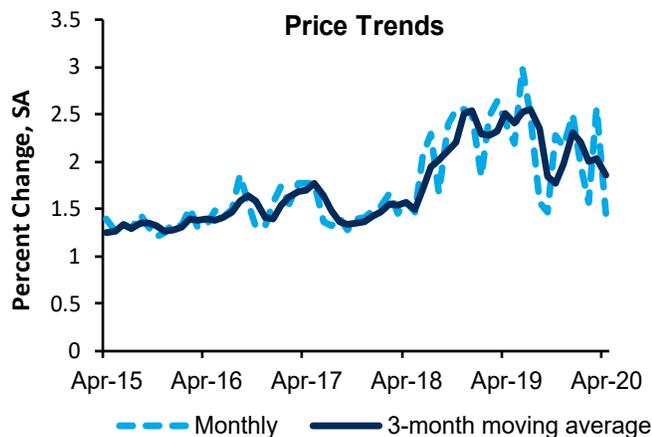
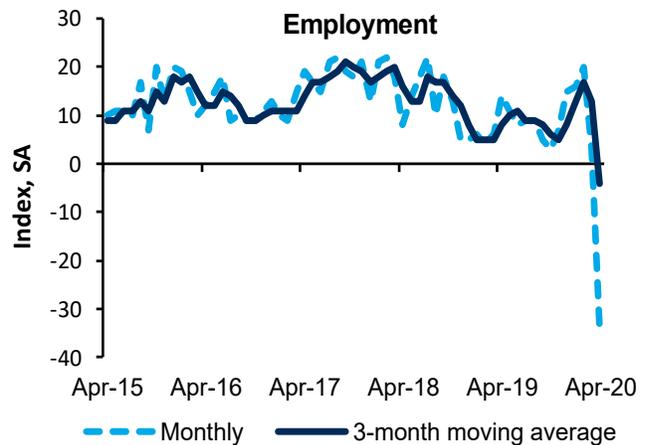
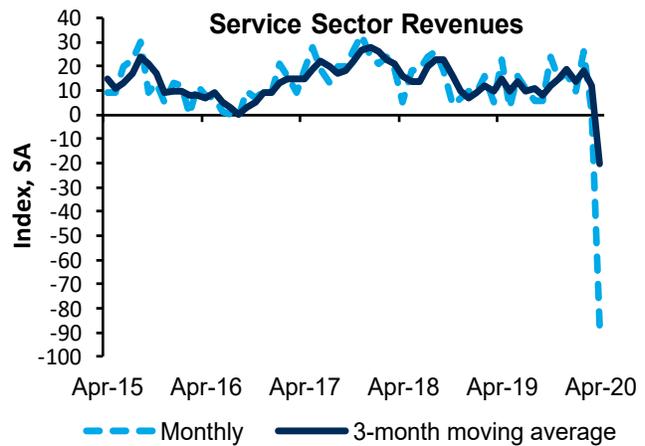
April 28, 2020

Service Sector Activity Softened Significantly in April

Fifth District service providers reported a significant softening of activity in April, according to the most recent survey by the Richmond Fed. The revenues index dropped from 1 in March to -87 in April, its lowest reading and largest one-month drop on record. Meanwhile, the indexes for demand, local business conditions, and capital spending all fell precipitously, with demand and local business conditions indexes reaching record lows. Firms expected conditions to remain soft in the near future.

Survey results indicated drops in employment, wages, and the average workweek in April, as all three indexes reached their lowest values in the history of the survey. More firms reported that workers with the necessary skills were easier to find, as this index was above zero for the first time since 2017. Survey respondents expected employment to remain soft and skilled workers to be easier to find in the coming months.

On average, the growth rate of prices paid by survey participants rose in April, while that of prices received decreased, widening the gap between the two. Firms expected growth of both prices paid and prices received to slow in the next six months.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Apr-20	Mar-20	Feb-20	Apr-20	Mar-20	Feb-20
Revenues	-87	1	26	-50	-6	28
Demand	-72	9	29	-13	1	22
Local Business Conditions	-95	-4	38	-48	-25	20
Capital Expenditures	-35	13	18	-30	17	33
Equipment & Software Spending	-12	13	28	-4	18	28
Services Expenditures	-46	2	18	-33	2	21
Employment						
Number of Employees	-34	3	20	-9	7	16
Wages	-15	28	35	8	45	46
Availability of Skills Needed	11	-11	-22	18	-8	-10
Average Workweek	-50	-4	2	-7	6	17
Price Trends^{2,3}						
Prices Paid	3.87	3.34	3.08	1.70	2.54	2.04
Prices Received	1.45	2.56	1.57	1.19	1.82	1.53

Technical Notes:

- 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 80 firms.
- Expectations refer to the time period six months out from the survey period.
- Price changes are expressed as percent change, annualized.
- 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