

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

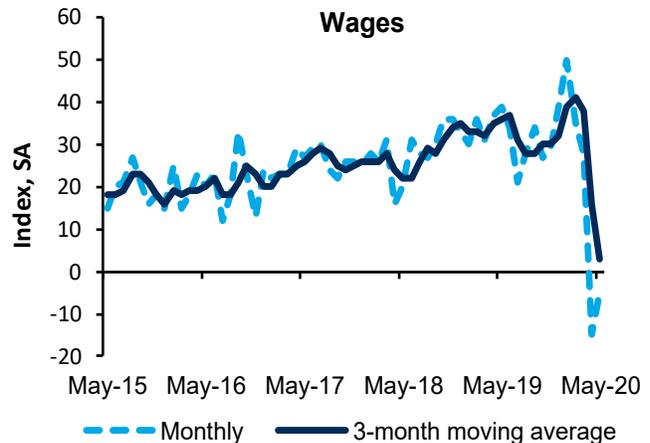
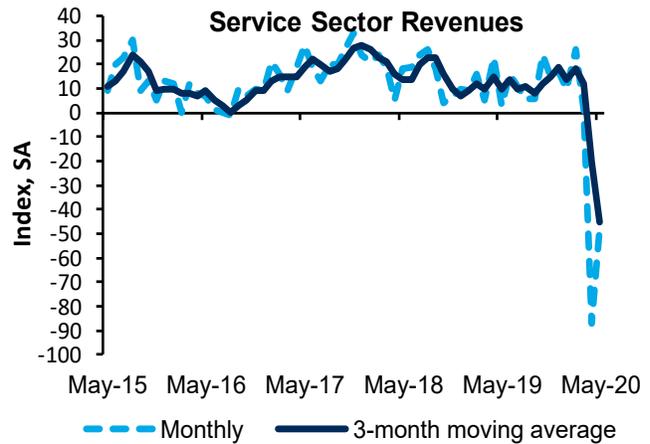
May 27, 2020

Service Sector Activity Was Weak in May

Fifth District service sector activity was weak in May, according to the most recent survey by the Richmond Fed. The indexes for both revenues and demand were above their April readings but remained firmly negative at -48 and -40, respectively. Contacts also reported continued contraction in spending and deterioration in local business conditions. Survey respondents expected conditions and revenues to remain soft in the coming months.

Survey results suggested that most service sector firms reduced employment, wages, and the average workweek in May. However, firms reported that it was easier to find workers with the necessary skills. Participants expected employment to remain decline further but wages and the workweek to increase in the next six months.

The average growth rates of both prices paid and prices received by service sector contacts decreased in May, as growth of prices paid continued to outpace that of prices received. Firms expected price growth to slow further in the near future.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	May-20	Apr-20	Mar-20	May-20	Apr-20	Mar-20
Revenues	-48	-87	1	-12	-50	-6
Demand	-40	-72	9	-2	-13	1
Local Business Conditions	-62	-95	-4	-2	-48	-25
Capital Expenditures	-29	-35	13	-10	-30	17
Equipment & Software Spending	-14	-12	13	-2	-4	18
Services Expenditures	-39	-46	2	-18	-33	2
Employment						
Number of Employees	-26	-34	3	-8	-9	7
Wages	-5	-15	28	6	8	45
Availability of Skills Needed	19	11	-11	19	18	-8
Average Workweek	-26	-50	-4	8	-7	6
Price Trends^{2,3}						
Prices Paid	2.40	3.87	3.34	1.71	1.70	2.54
Prices Received	1.01	1.45	2.56	0.61	1.19	1.82

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 76 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.

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