

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

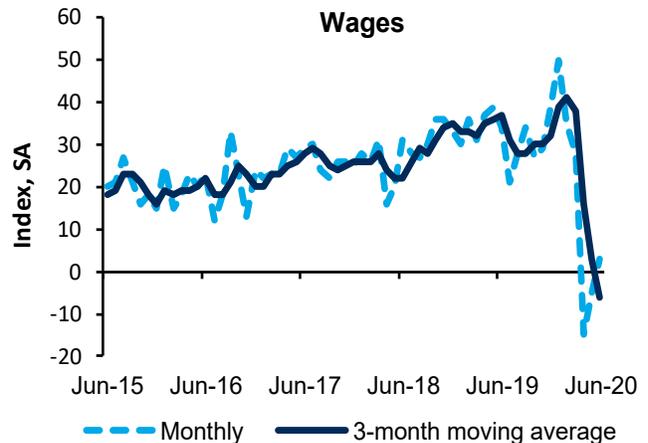
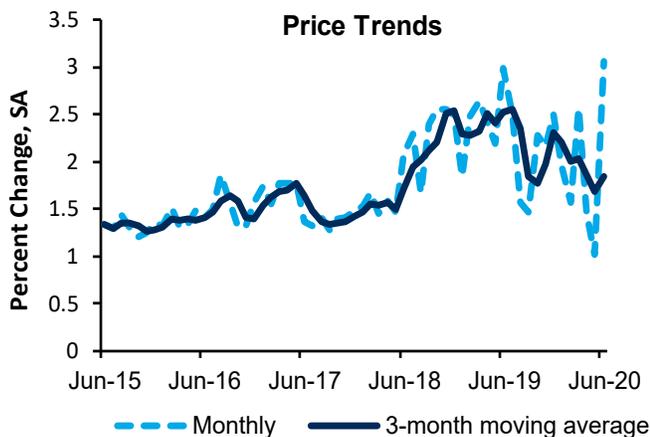
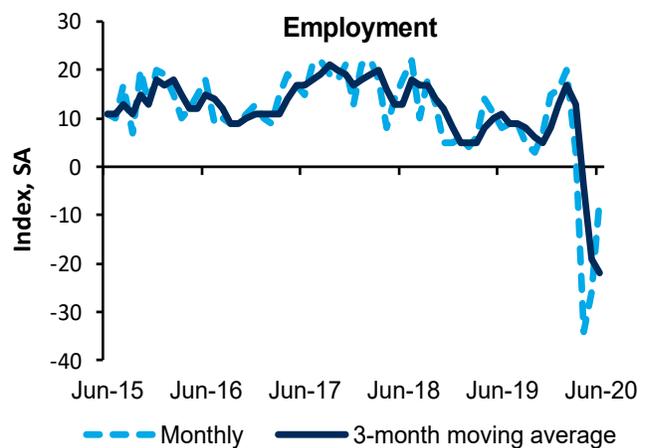
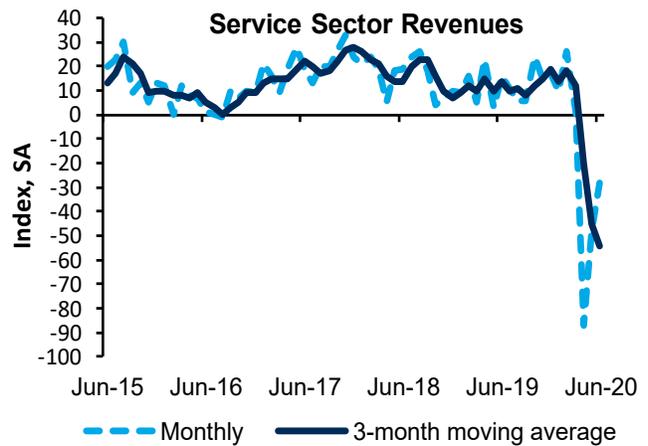
June 23, 2020

Service Sector Activity Remained Soft in June

Fifth District service sector activity remained soft in June, according to the most recent survey by the Richmond Fed. The indexes for both revenues and demand were above their May readings, but still indicated contraction at -28 and -16, respectively. Firms also reported continued deterioration in local business conditions and decreased spending in June, but they were optimistic that conditions would improve in the coming months.

Several survey participants reported decreased employment in June, but survey results suggested slight increases in wages and the ability of firms to find the workers with the necessary skills. Respondents expected employment and wages to increase and more workers with the necessary skills to be available in the next six months.

The average growth rates of both prices paid and prices received by service sector participants rose notably in June, as growth of prices paid continued to outpace that of prices received. However, firms expected the gap between the two measures of price growth to narrow in the near future.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Jun-20	May-20	Apr-20	Jun-20	May-20	Apr-20
Revenues	-28	-48	-87	38	-12	-50
Demand	-16	-40	-72	37	-2	-13
Local Business Conditions	-24	-62	-95	35	-2	-48
Capital Expenditures	-12	-29	-35	-5	-10	-30
Equipment & Software Spending	-4	-14	-12	4	-2	-4
Services Expenditures	-29	-39	-46	-9	-18	-33
Employment						
Number of Employees	-7	-26	-34	16	-8	-9
Wages	3	-5	-15	22	6	8
Availability of Skills Needed	5	19	11	16	19	18
Average Workweek	-7	-26	-50	17	8	-7
Price Trends^{2,3}						
Prices Paid	4.53	2.40	3.87	4.26	1.71	1.70
Prices Received	3.06	1.01	1.45	3.38	0.61	1.19

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 104 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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