

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

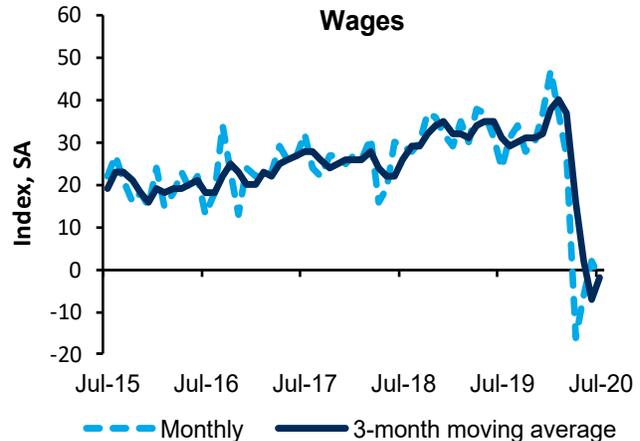
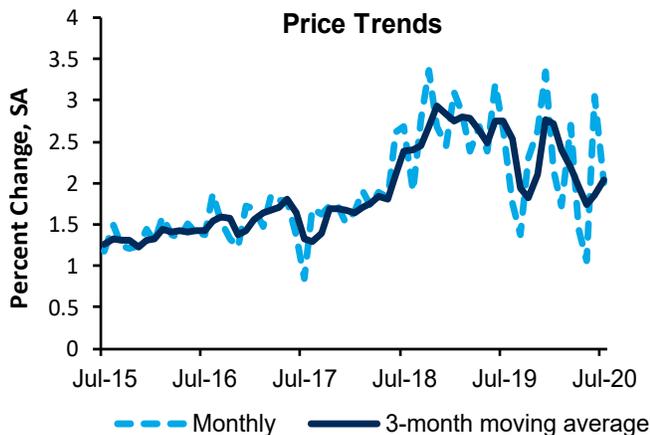
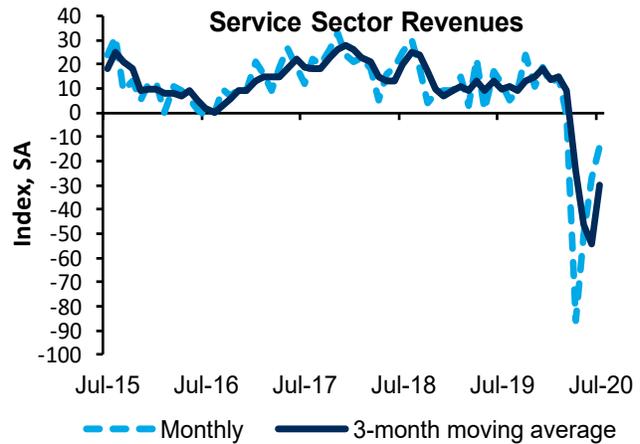
July 28, 2020

Service Sector Activity Remained Tepid in July

Activity in the Fifth District service sector remained tepid in July, according to the most recent survey by the Federal Reserve Bank of Richmond. The indexes for both revenues and demand increased in July, but remained negative, suggesting continued contraction. However, the index for local business conditions, while close to zero, was positive for the first time since February, and businesses were optimistic that conditions would improve in the coming months.

Survey results suggested that employment fell at many firms in July, as this index remained negative and slightly below its June reading. Firms also reported some decreases in wages and hours worked and little change in ability to find workers with the necessary skills. Respondents expected employment, wages, and hours to increase and workers to be easier to find in the next six months.

Average growth of both prices paid and prices received by survey participants slowed in July, as growth of prices paid continued to outpace that of prices received. Firms expected this gap to narrow in the near future.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Jul-20	Jun-20	May-20	Jul-20	Jun-20	May-20
Revenues	-14	-27	-50	11	37	-10
Demand	-5	-14	-38	13	36	-5
Local Business Conditions	2	-24	-63	17	34	-3
Capital Expenditures	-21	-12	-28	-4	-4	-10
Equipment & Software Spending	-6	-4	-13	12	2	-1
Services Expenditures	-24	-30	-40	-11	-9	-19
Employment						
Number of Employees	-10	-7	-26	15	16	-6
Wages	-2	2	-6	24	20	9
Availability of Skills Needed	1	5	18	11	14	19
Average Workweek	-7	-6	-24	9	17	8
Price Trends^{2,3}						
Prices Paid	3.31	4.55	2.53	3.10	4.27	1.75
Prices Received	2.01	3.04	1.07	2.12	3.40	0.81

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 102 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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