

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

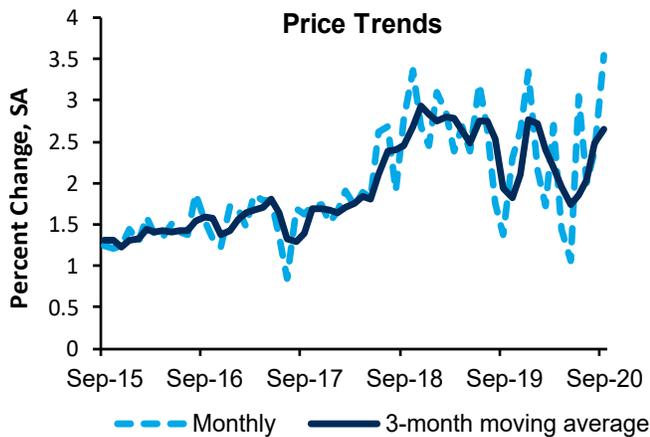
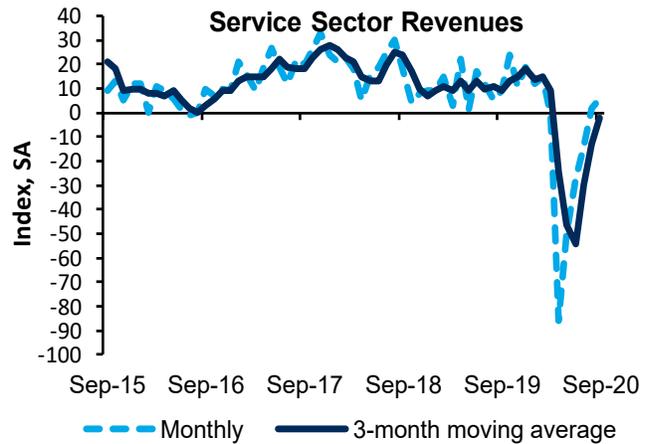
September 22, 2020

Service Sector Improved Slightly in September

The Fifth District service sector improved slightly in September, according to the most recent survey by the Federal Reserve Bank of Richmond. The indexes for revenues and demand increased from 2 and -1 in August to 6 and 11 in September, the first positive reading for demand since March. Some firms reported improvement in local business conditions as well. In general, contacts were optimistic that conditions would improve in the coming months.

Survey results suggested continued softness in employment, as that index fell slightly from 0 in August to -3 in September and has not been above 0 since March. Most survey participants reported increases in wages in September and expected both employment and wages to grow in the next six months.

The average growth rates of both prices paid and prices received by survey respondents rose in September, as growth of prices paid continued to outpace that of prices received. Firms expected to see slowing growth of both prices paid and prices received in the near future.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Sep-20	Aug-20	Jul-20	Sep-20	Aug-20	Jul-20
Revenues	6	2	-14	21	3	11
Demand	11	-1	-5	21	7	13
Local Business Conditions	7	-3	2	19	7	17
Capital Expenditures	1	-13	-21	11	-6	-4
Equipment & Software Spending	16	-2	-6	24	10	12
Services Expenditures	-7	-14	-24	9	-18	-11
Employment						
Number of Employees	-3	0	-10	9	4	15
Wages	15	2	-2	24	16	24
Availability of Skills Needed	1	5	1	3	15	11
Average Workweek	8	-2	-7	9	-2	9
Price Trends^{2,3}						
Prices Paid	5.50	5.08	3.31	3.98	2.83	3.10
Prices Received	3.55	2.39	2.01	2.50	1.59	2.12

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 146 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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