

# Regional Surveys of Business Activity

## Fifth District Survey of Service Sector Activity

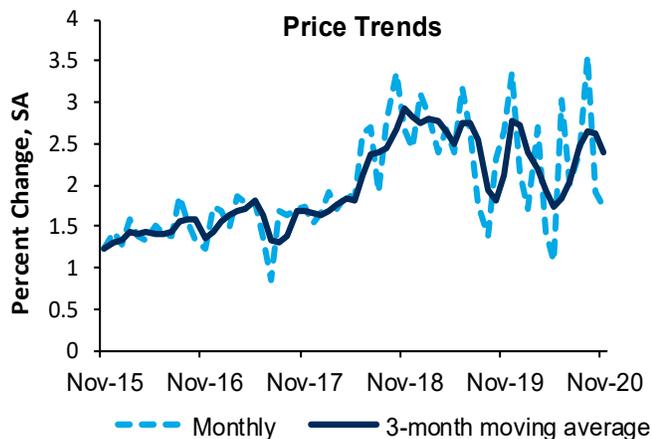
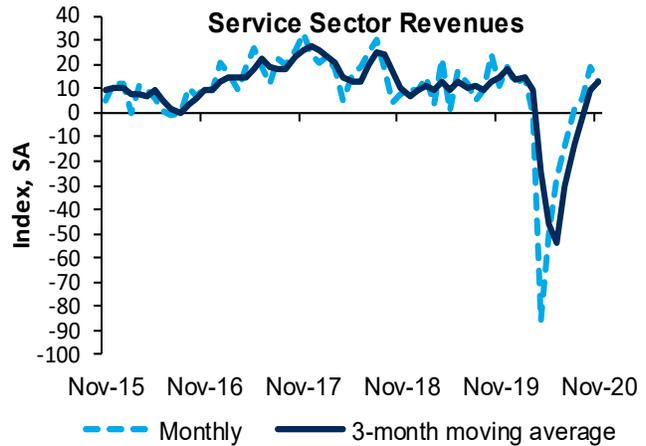
November 24, 2020

### Service Sector Respondents Were Generally Positive in November

The Fifth District service sector respondents were generally positive in November, according to the most recent survey from the Federal Reserve Bank of Richmond. The index for demand rose from 8 in October to 15 in November, although the revenues index declined from 19 to 13. However, both indexes remained well above zero, indicating that more firms saw expansion than saw contraction. Firms also reported improving local business conditions and increased capital spending. Survey participants were generally optimistic that demand would continue to grow, but many also expressed concern that revenues may soften in the next six months.

Survey results suggest that employment and wages increased for many service sector firms in November, but firms struggled to find workers with the necessary skills. They expected these trends to continue in the coming months.

The average growth rates of both prices paid and prices received by survey contacts decreased in November. Growth of prices paid continued to outpace that of prices received, but firms expected that gap to narrow in the near future.



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## Business Activity Indexes<sup>1,4</sup>

Service Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Nov-20	Oct-20	Sep-20	Nov-20	Oct-20	Sep-20
Revenues	13	19	6	-2	19	21
Demand	15	8	11	12	12	21
Local Business Conditions	17	12	7	4	18	19
Capital Expenditures	10	4	1	20	15	11
Equipment & Software Spending	14	9	16	30	25	24
Services Expenditures	-1	-2	-7	4	-4	9
<b>Employment</b>						
Number of Employees	8	9	-3	14	18	9
Wages	19	11	15	33	35	24
Availability of Skills Needed	-3	-4	1	9	-3	3
Average Workweek	7	9	8	1	16	9
<b>Price Trends<sup>2,3</sup></b>						
Prices Paid	3.03	4.82	5.50	2.81	3.55	3.98
Prices Received	1.74	1.91	3.55	2.22	1.68	2.50

### 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 108 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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