

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

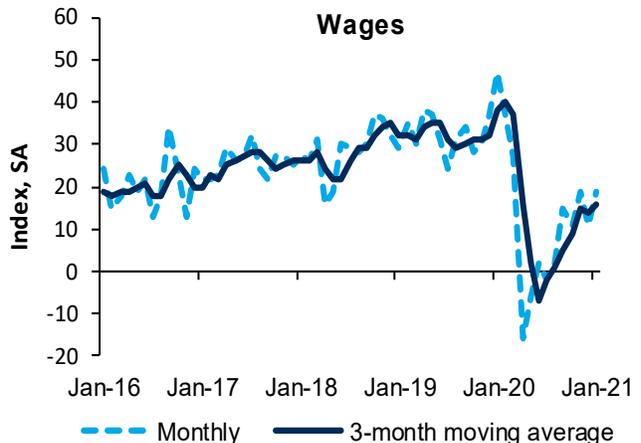
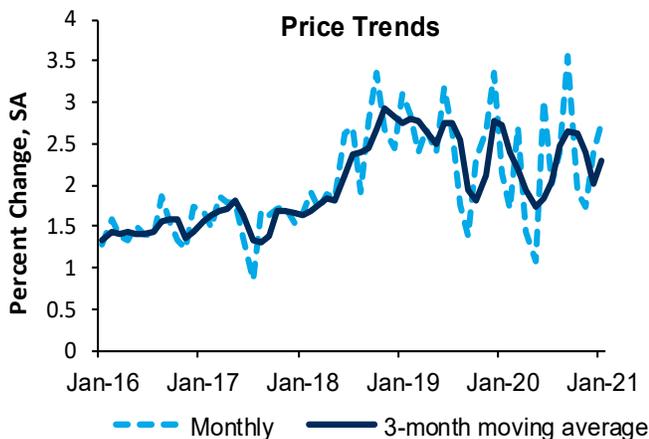
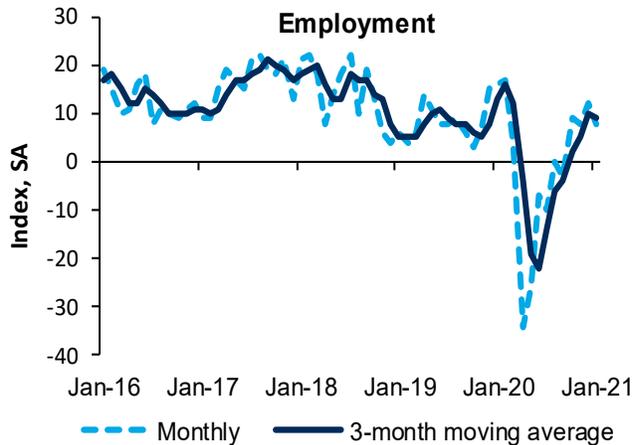
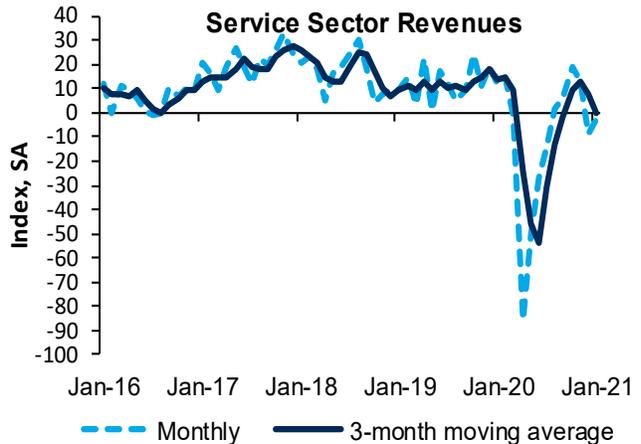
January 26, 2021

Service Sector Firms Gave Mixed Reports

Fifth District service sector firms gave mixed reports in January, according to the most recent survey from the Federal Reserve Bank of Richmond. The indexes for revenues and demand increased from -9 and -6 in December to -3 and 7 in January, respectively, indicating higher demand for some firms. However, the index for local business conditions remained in contractionary territory. Firms were optimistic that conditions would improve in the next six months.

Survey results reflected increased employment and wages for many service sector firms in January, but finding workers with the necessary skills remained a challenge for some firms. Participants expected these trends to continue in the coming months.

The average growth rate of prices paid by survey participants fell in January, while that of prices received increased, narrowing the gap between the two rates. Respondents expected growth of both prices paid and prices received to rise in the near future.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Jan-21	Dec-20	Nov-20	Jan-21	Dec-20	Nov-20
Revenues	-3	-9	13	20	11	-2
Demand	7	-6	15	22	14	12
Local Business Conditions	-9	-12	17	17	10	4
Capital Expenditures	8	1	10	10	9	20
Equipment & Software Spending	14	11	14	19	13	30
Services Expenditures	1	-4	-1	12	4	4
Employment						
Number of Employees	8	12	8	18	18	14
Wages	19	11	19	32	36	33
Availability of Skills Needed	-2	-5	-3	-4	4	9
Average Workweek	3	9	7	7	3	1
Price Trends^{2,3}						
Prices Paid	4.14	5.11	3.03	4.34	3.73	2.81
Prices Received	2.76	2.41	1.74	3.78	3.10	2.22

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 138 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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