

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

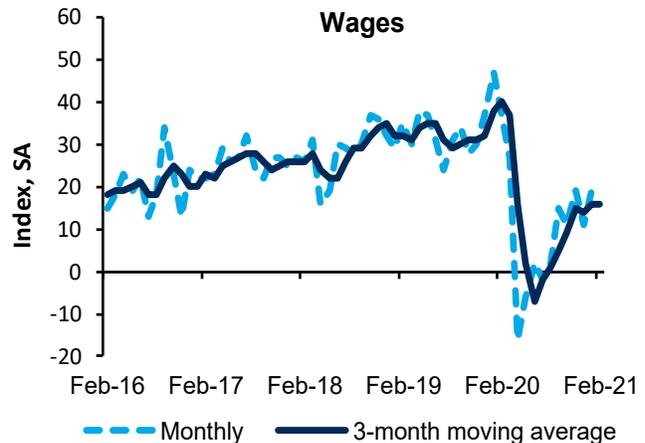
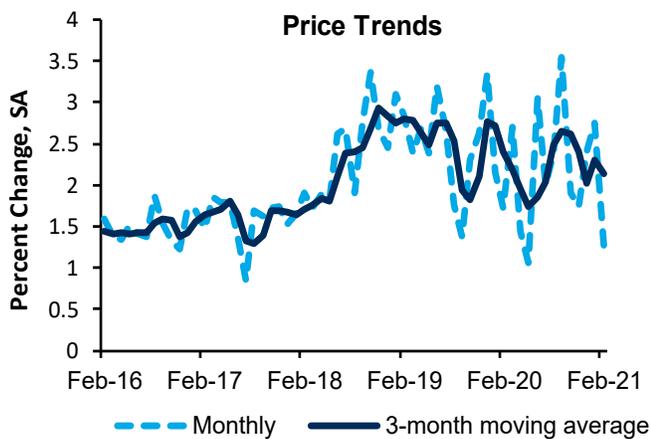
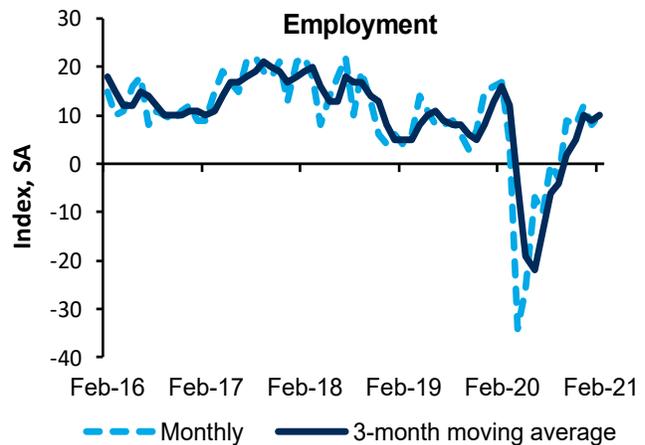
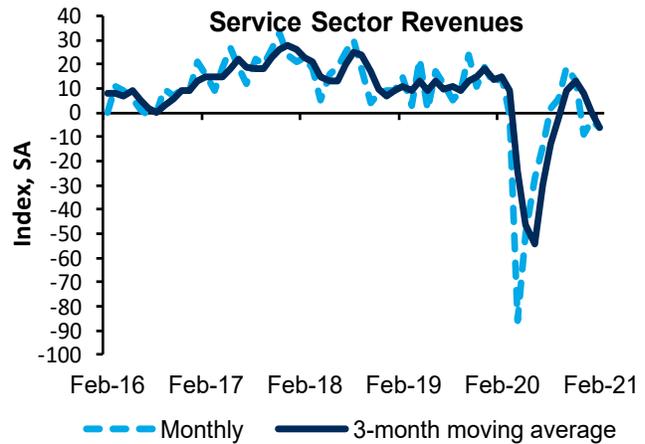
February 23, 2021

Service Sector Firms Reported Mixed Conditions

Fifth District service sector firms reported mixed conditions in February, according to the most recent survey from the Federal Reserve Bank of Richmond. The revenues index fell from -3 in January to -6 in February, but the demand index rose from 7 in January to 18 in February, its highest reading since last February. Many survey participants also reported increased capital spending over the month. Survey respondents were optimistic that conditions would improve in the next six months.

Many service sector firms increased employment and wages in February, but they struggled to find workers with the necessary skills. Survey participants expected this struggle to continue and employment and wages to rise further in the coming months.

The average growth rates of both prices paid and prices received by survey respondents fell in February, as growth of prices paid continued to outpace that of prices received. Survey participants expected growth of both prices paid and prices received to accelerate in the near future.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Feb-21	Jan-21	Dec-20	Feb-21	Jan-21	Dec-20
Revenues	-6	-3	-9	37	20	11
Demand	18	7	-6	44	22	14
Local Business Conditions	3	-9	-12	38	17	10
Capital Expenditures	8	8	1	33	10	9
Equipment & Software Spending	14	14	11	36	19	13
Services Expenditures	9	1	-4	19	12	4
Employment						
Number of Employees	10	8	12	35	18	18
Wages	19	19	11	50	32	36
Availability of Skills Needed	-8	-2	-5	-7	-4	4
Average Workweek	4	3	9	20	7	3
Price Trends^{2,3}						
Prices Paid	3.10	4.14	5.11	3.39	4.34	3.73
Prices Received	1.26	2.76	2.41	2.28	3.78	3.10

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 139 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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