



Errata for Fifth District Survey of Service Sector Activity

August 23, 2016

When the seasonal factors are updated every July, the new factors are applied to all past data. When the new factors were developed in July 2016, they were incorrectly applied to the current and expected price trend data prior to July 2016. Thus, the seasonally adjusted price trend data released in July 2016 was inaccurate for all months prior to July 2016.

Corrections were made with the August 2016 data release. The historical data file is accurate as of the August 23, 2016 data release. However, the May 2016 and June 2016 current and expected price trend values in the service sector are incorrect on the pdf table that was released on July 26, 2016.

July 26, 2016

Since November 1993, the Regional Economics group of the Federal Reserve Bank of Richmond has produced the monthly Survey of Service Sector Activity. Respondents to the survey provide information on current revenues, employment, wages, and expectations for demand in the next six months. In addition, retail respondents provide information on big-ticket sales, inventories, and shopper traffic.

Recently a processing error was discovered that affects the responses related to the index for expected demand. We found that the index for expected demand (expectations for demand six months from now compared to the current month) had been in fact reporting an index for current, not expected, demand. The error affects the non-seasonally adjusted expected demand indexes for retail, services firms (non-retail), and the overall service sector from December 2010 through June 2016.

With the reporting of the July 2016 indexes, all three of these series were updated with the corrected data for this period. In addition, since the correction of the data series coincides with the introduction of new seasonal adjustment factors, the entire historical series for seasonally adjusted expected demand in the overall service sector as well as the subsectors for retail and services firms has been updated. This revision of the historical survey data using the updated seasonal factors is consistent with our normal practice.

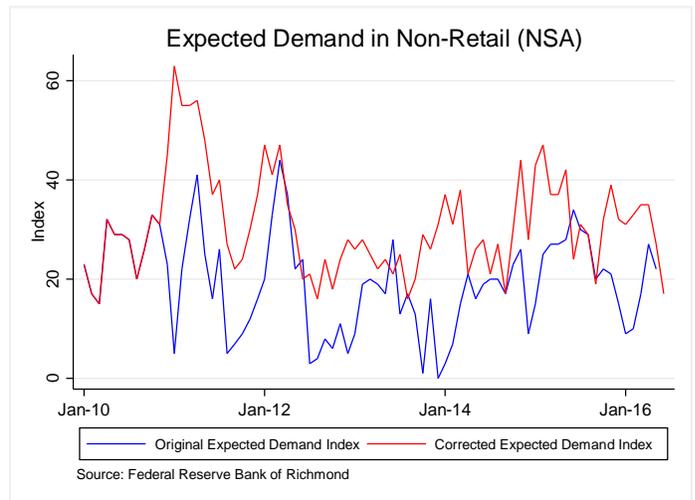
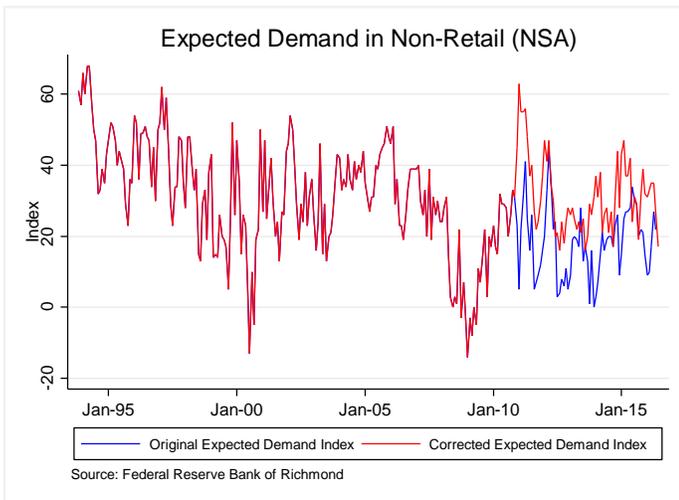
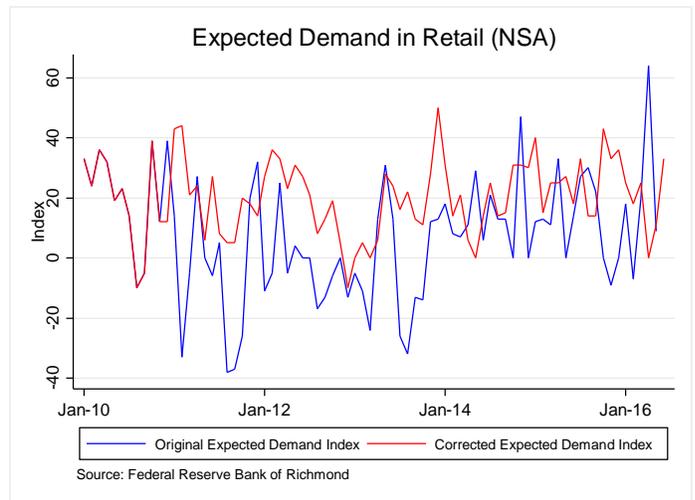
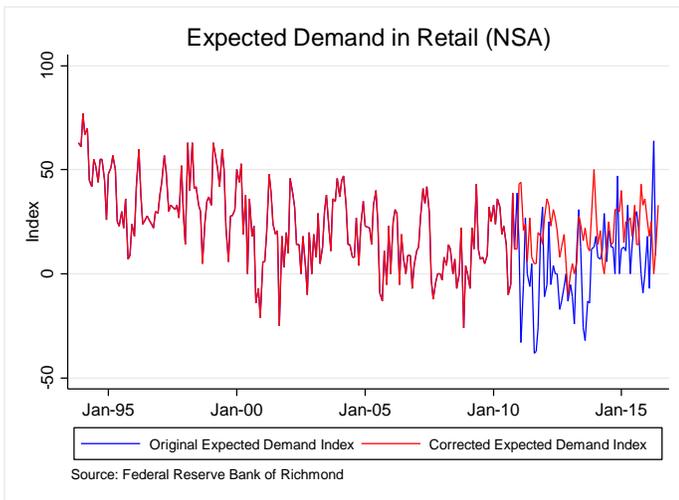
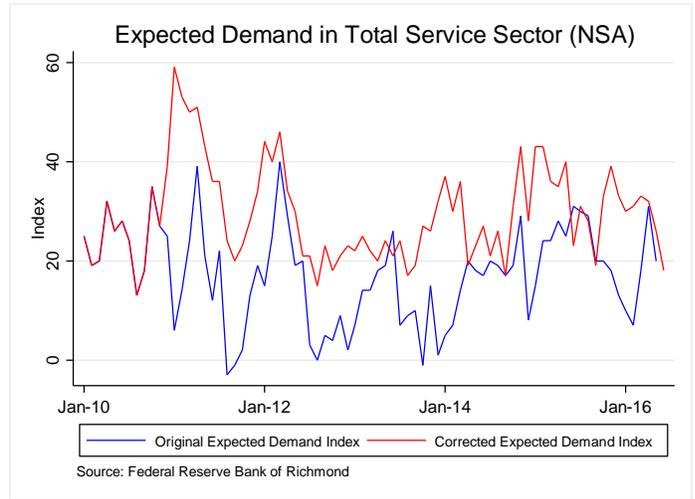
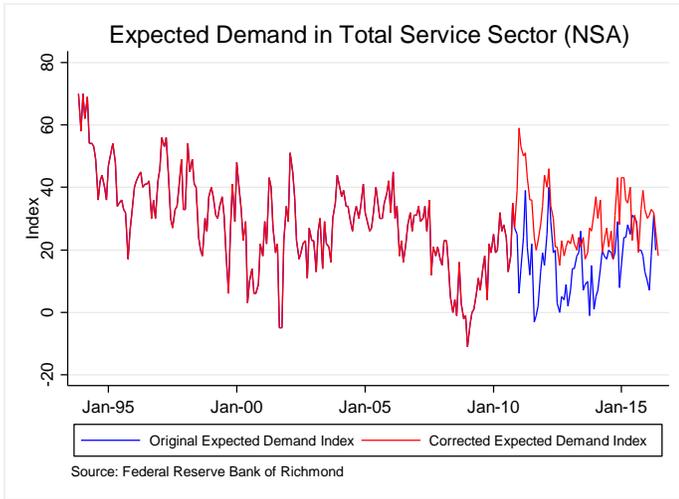
As a result of this error, the non-seasonally adjusted expected demand index for the overall service sector was generally reported at a lower level than it should have been, understating the actual value of the index. However, the expected demand index was positive during the entire period from December 2010 to June 2016, whereas the originally reported data showed small negative values for August and September 2011 and October 2013. Similarly, the corrected

(non-seasonally adjusted) expected demand index for retail reflected increased optimism relative to the originally reported index, with the only negative value reported in December 2012, compared to the originally reported index which was negative for 22 out of 67 months from December 2010 through June 2016.

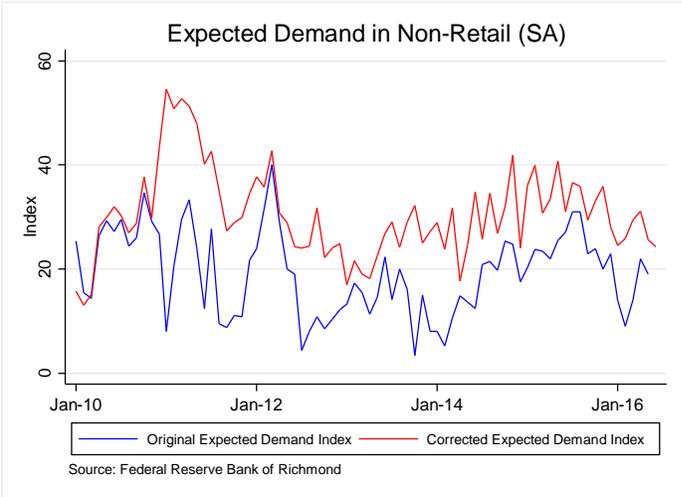
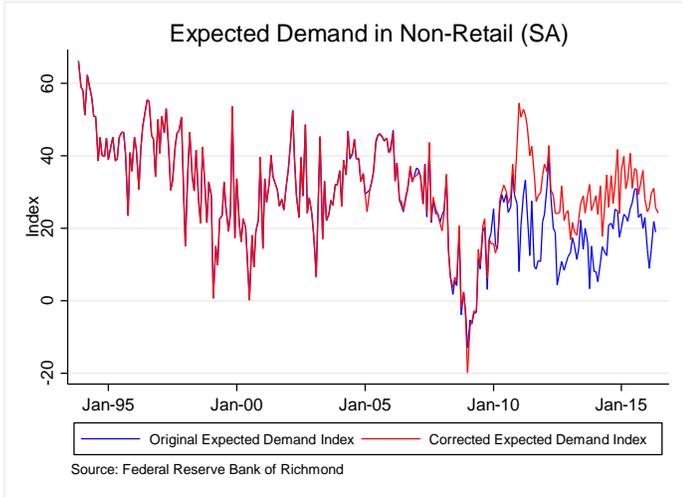
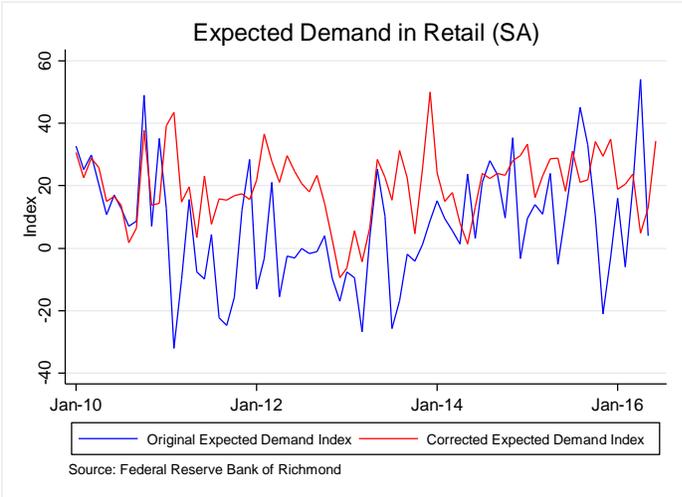
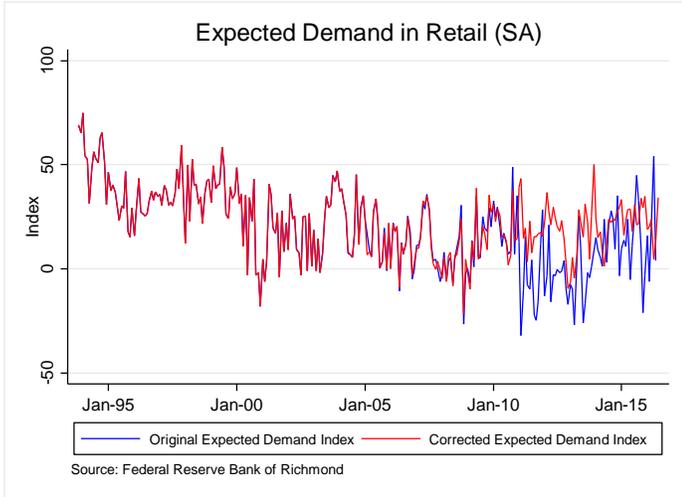
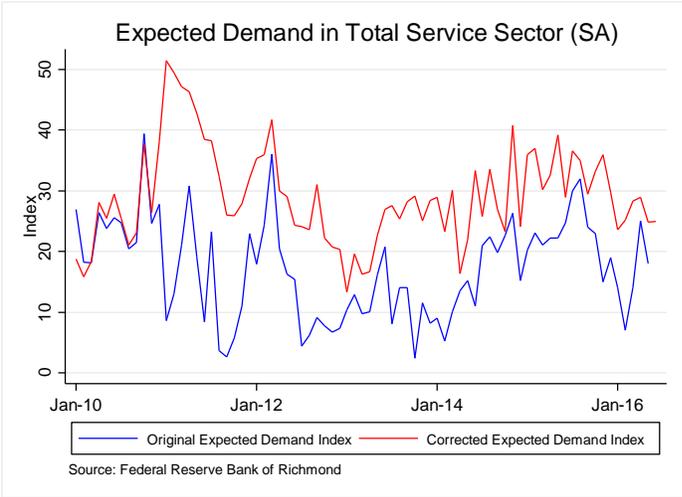
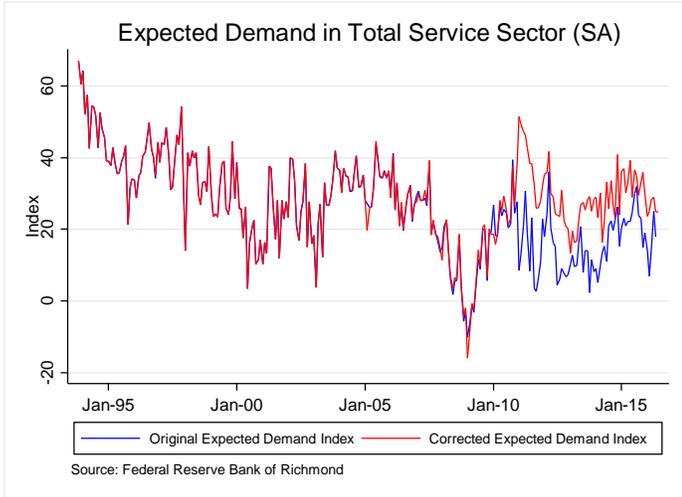
The charts on the following pages provide a comparison of the originally reported expected demand index and the corrected expected demand index for overall service sector, retail, and services firms. Further questions on the processing error should be directed to Jeannette Plamp (Jeannette.Plamp@rich.frb.org)

July 25, 2017

In light of our continuing effort to improve our data product and ensure accuracy in the historical data, we have replaced some of the past indexes with indexes that reflect more complete historical response information. This should be a one-time change but to the extent that new information arises, we will continue to make changes to ensure that we report the most accurate historical data series possible.



NSA – Not seasonally adjusted data



SA – Seasonally adjusted data