

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

February 27, 2024

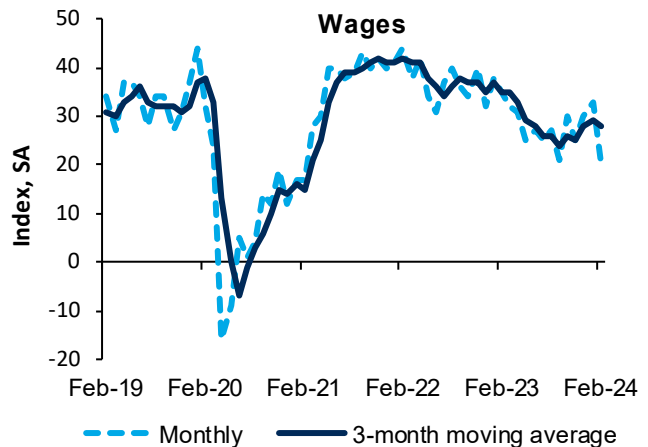
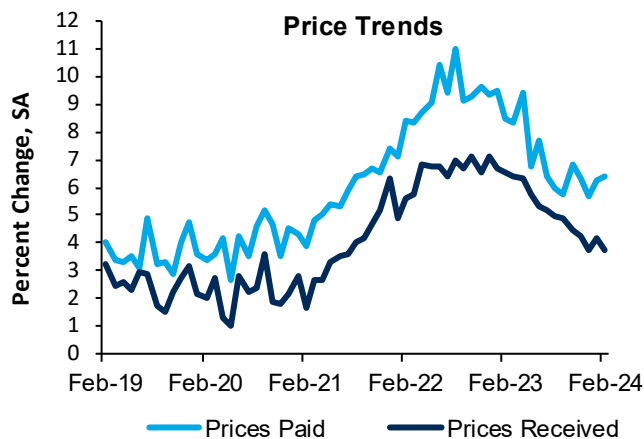
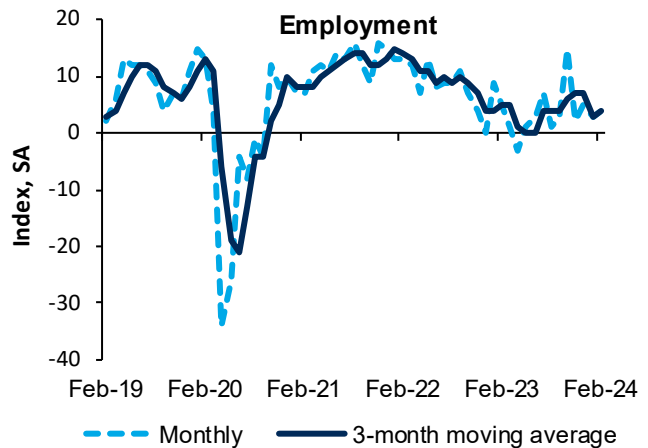
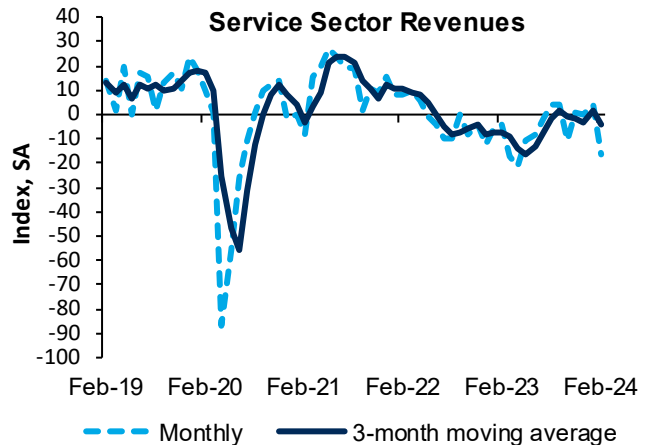
Service Sector Activity Slowed in February

Fifth District service sector activity slowed in February, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index decreased notably from 4 to -16, while the demand index decreased from 5 in January to 0 in February. However, the indexes for future revenues and demand both increased and remained firmly in positive territory.

Firms' optimism about local business conditions fell slightly, as that index edged down from -3 in January to -7 in February. The index for expected local business conditions, however, increased slightly into positive territory in February.

The employment index edged up from 3 in January to 4 in February, while firms continued to report wage increases and little change in their ability to find workers with the necessary skills. Over the next six months, many firms expected to continue hiring and anticipated little improvement in their ability to find workers with the necessary skills. Most firms plan to continue wage increases.

The average growth in prices paid inched up very slightly in February, while growth in prices received decreased slightly. Firms expect both growth rates to moderate over the coming year.



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Business Activity Indexes^{1,4,5}

Service Sector Indicators	Current Conditions			Expectations ²		
	Feb-24	Jan-24	Dec-23	Feb-24	Jan-24	Dec-23
Revenues	-16	4	0	23	15	13
Demand	0	5	2	20	10	21
Local Business Conditions	-7	-3	0	4	-3	4
Capital Expenditures	-1	0	3	4	12	1
Equipment & Software Spending	4	12	9	7	12	8
Services Expenditures	0	3	0	4	3	-2
Employment						
Number of Employees	4	3	5	15	18	18
Wages	20	33	30	45	48	52
Availability of Skills Needed	-3	3	3	1	8	3
Price Trends³						
Prices Paid	6.37	6.28	5.71	4.63	4.37	4.34
Prices Received	3.77	4.14	3.75	3.96	3.40	3.31

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 136-150 firms.
- Expectations refer to the time period six months out from the survey period.
- Current price changes are percentage changes over the last 12 months. Expected price changes are expected changes over the next 12 months.
- 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.
- Seasonal adjustment factors are recalculated every July and the entire series is revised to better reflect current economic trends.

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