

# Regional Surveys of Business Activity

## Fifth District Survey of Service Sector Activity

May 29, 2024

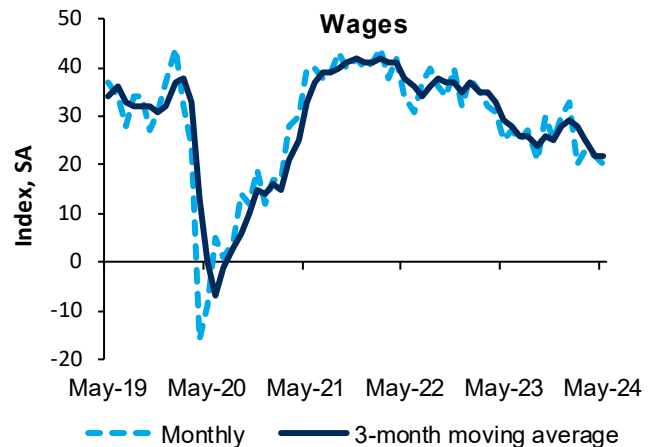
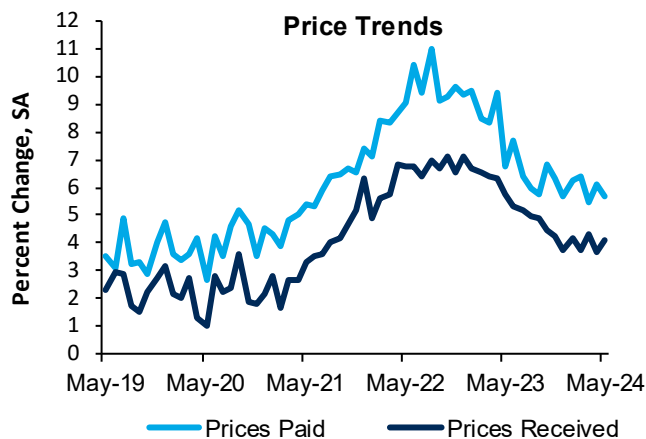
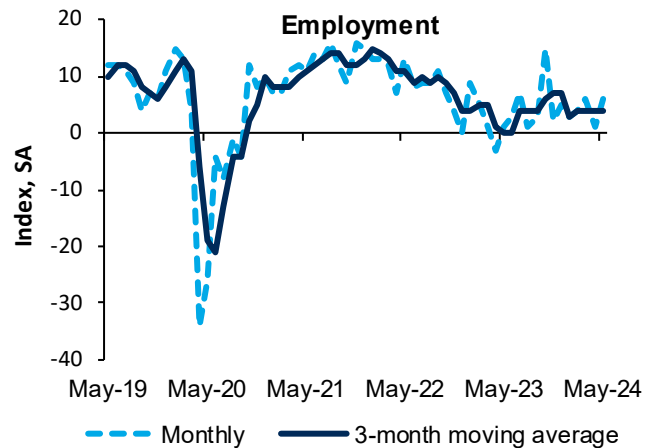
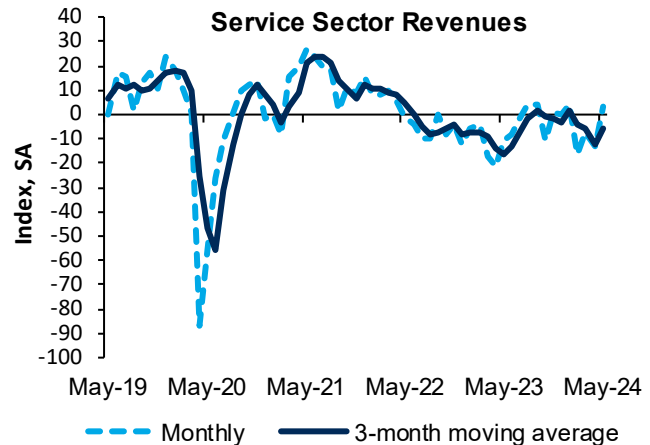
### Service Sector Activity Was Mixed in May

Fifth District service sector activity was mixed in May, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index increased from -13 to 3, while the demand index fell from 9 in April to 1 in May. The index for future revenues increased from 24 to 32, while the index for future demand decreased but remained in positive territory.

Firms' optimism about local business conditions was nearly unchanged, as that index edged down from -6 in April to -9 in May. The index for expected local business conditions also decreased, from 9 to 2 in May.

The employment index increased from 1 in April to 6 in May, while firms continued to report wage increases. The availability of skills index rose from -4 to 6 in May, suggesting some improvement in firms' ability to find workers with the necessary skills. Over the next six months, firms expect to increase hiring and anticipate little improvement in their ability to find workers with the necessary skills. Most firms plan to continue increasing wages.

The average growth in prices paid decreased slightly in May, while growth in prices received increased slightly. Firms expect both growth rates to moderate over the coming year.



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

Service Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	May-24	Apr-24	Mar-24	May-24	Apr-24	Mar-24
Revenues	3	-13	-7	32	24	14
Demand	1	9	-9	15	24	17
Local Business Conditions	-9	-6	-8	2	9	-3
Capital Expenditures	-3	0	-6	-6	1	-4
Equipment & Software Spending	4	0	0	0	1	-4
Services Expenditures	-6	-7	-12	-14	-6	-8
<b>Employment</b>						
Number of Employees	6	1	6	15	19	10
Wages	20	22	23	42	49	37
Availability of Skills Needed	6	-4	-2	4	-1	3
<b>Price Trends<sup>3</sup></b>						
Prices Paid	5.71	6.11	5.43	4.80	4.28	4.05
Prices Received	4.09	3.64	4.29	3.77	3.16	3.17

### Technical Notes:

- <sup>1</sup> Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Results are based on responses from 127-143 firms. 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. Data are seasonally adjusted. Seasonal adjustment factors are recalculated every July and the entire series is revised to better reflect current economic trends.
- <sup>2</sup> Expectations refer to the time period six months out from the survey period.
- <sup>3</sup> Current price changes are percentage changes over the last 12 months. Expected price changes are expected changes over the next 12 months.

For more information contact Jason Kosakow at 571.287.0448 or [Rich.RegionalSurveyTeam@rich.frb.org](mailto:Rich.RegionalSurveyTeam@rich.frb.org)