

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

March 26, 2024

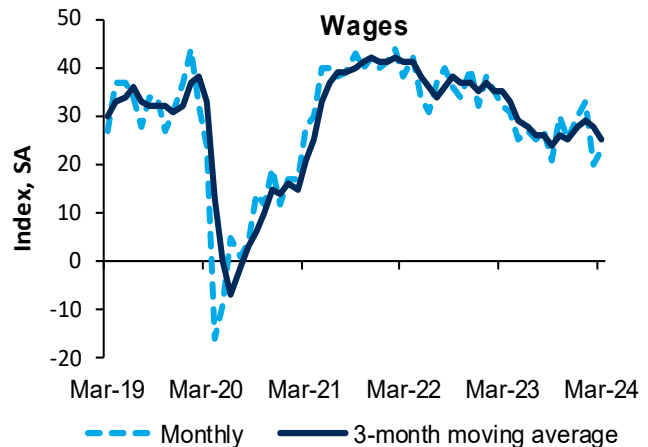
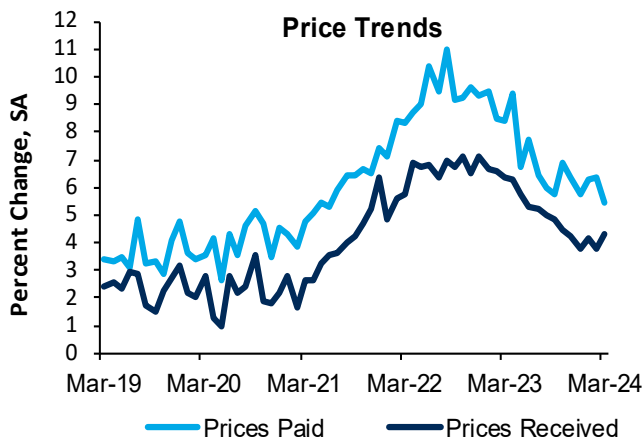
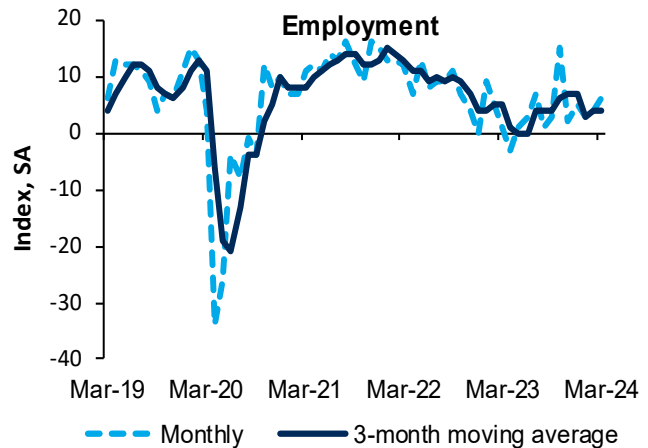
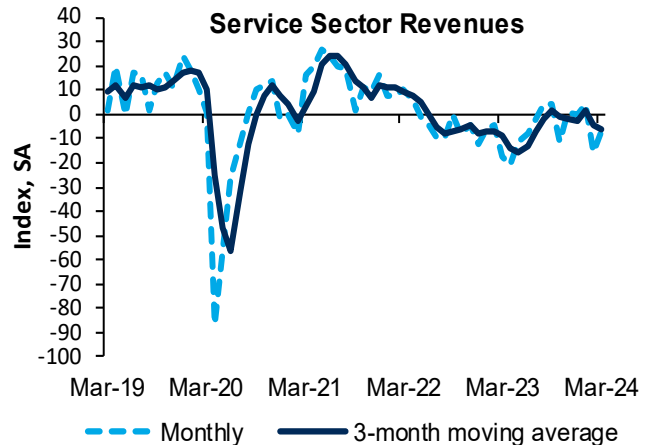
Service Sector Activity Remained Soft in March

Fifth District service sector activity remained relatively soft in March, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index increased from -16 to -7, while the demand index decreased from 0 in February to -9 in March. The indexes for future revenues and demand both decreased but remained in positive territory.

Firms' optimism about local business conditions was nearly unchanged, as that index edged down from -7 in February to -8 in March. The index for expected local business conditions decreased into negative territory in March.

The employment index edged up from 4 in February to 6 in March, 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, most firms expected hiring to remain steady and anticipated 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 in March, while growth in prices received increased somewhat. 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		
	Mar-24	Feb-24	Jan-24	Mar-24	Feb-24	Jan-24
Revenues	-7	-16	4	14	23	15
Demand	-9	0	5	17	20	10
Local Business Conditions	-8	-7	-3	-3	4	-3
Capital Expenditures	-6	-1	0	-4	4	12
Equipment & Software Spending	0	4	12	-4	7	12
Services Expenditures	-12	0	3	-8	4	3
Employment						
Number of Employees	6	4	3	10	15	18
Wages	23	20	33	37	45	48
Availability of Skills Needed	-2	-3	3	3	1	8
Price Trends³						
Prices Paid	5.43	6.37	6.28	4.05	4.63	4.37
Prices Received	4.29	3.77	4.14	3.17	3.96	3.40

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 123-141 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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