

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

January 23, 2024

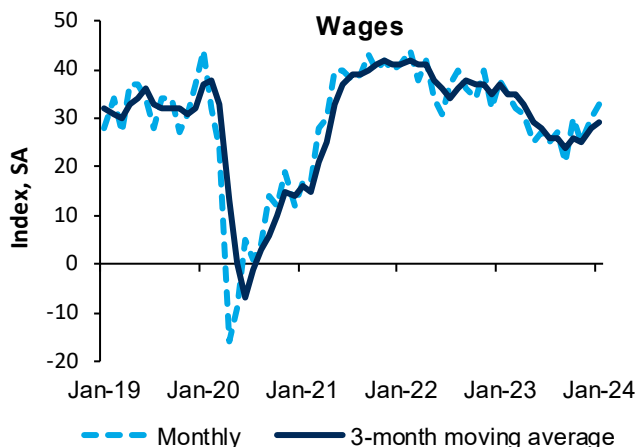
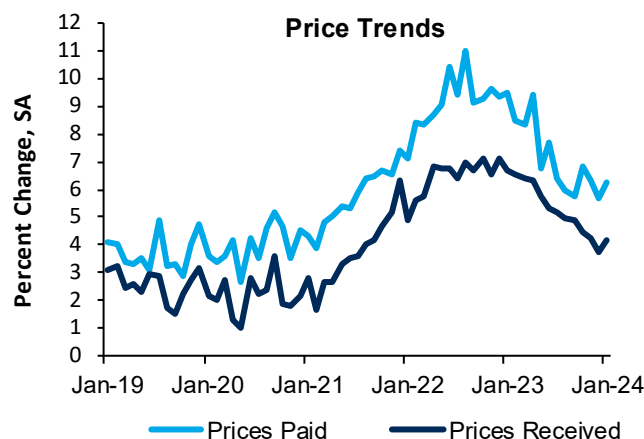
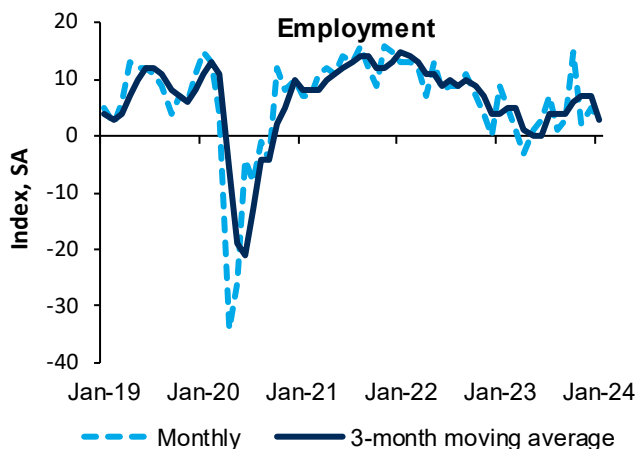
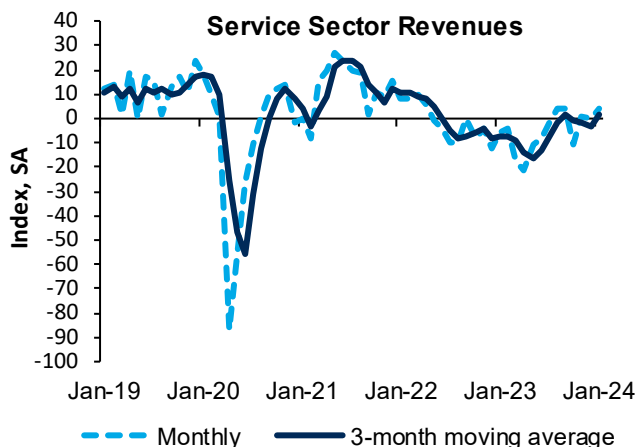
Service Sector Activity Was Unchanged in January

Fifth District service sector activity was relatively unchanged in January, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index increased slightly from 0 to 4, while the demand index edged up from 2 in December to 5 in January. While changes in the expectations indexes for future revenues and demand were mixed, both indexes remained in positive territory.

Firms' optimism about local business conditions was little changed, as that index edged down from 0 in December to -3 in January. The index for expected local business conditions also decreased, from 4 in December to -3 in January.

The employment index edged down from 5 in December to 3 in January, 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 and prices received increased somewhat in January. 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		
	Jan-24	Dec-23	Nov-23	Jan-24	Dec-23	Nov-23
Revenues	4	0	1	15	13	8
Demand	5	2	-1	10	21	-3
Local Business Conditions	-3	0	-9	-3	4	-7
Capital Expenditures	0	3	-6	12	1	0
Equipment & Software Spending	12	9	7	12	8	13
Services Expenditures	3	0	1	3	-2	5

Employment

Number of Employees	3	5	2	18	18	14
Wages	33	30	25	48	52	53
Availability of Skills Needed	3	3	2	8	3	12

Price Trends³

Prices Paid	6.28	5.71	6.32	4.37	4.34	4.44
Prices Received	4.14	3.75	4.23	3.40	3.31	3.65

Technical Notes:

- ¹ 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 130-145 firms.
- ² Expectations refer to the time period six months out from the survey period.
- ³ Current price changes are percentage changes over the last 12 months. Expected price changes are expected changes over the next 12 months.
- ⁴ 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.
- ⁵ Seasonal adjustment factors are recalculated every July and the entire series is revised to better reflect current economic trends.

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