

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

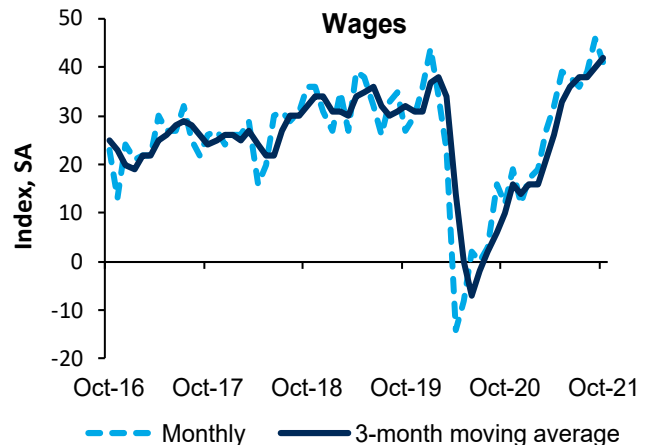
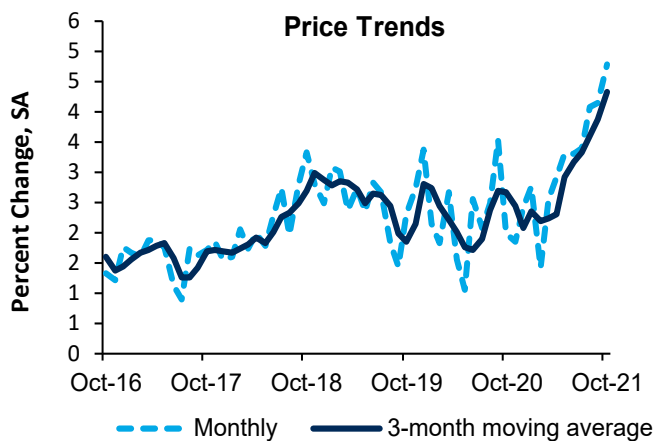
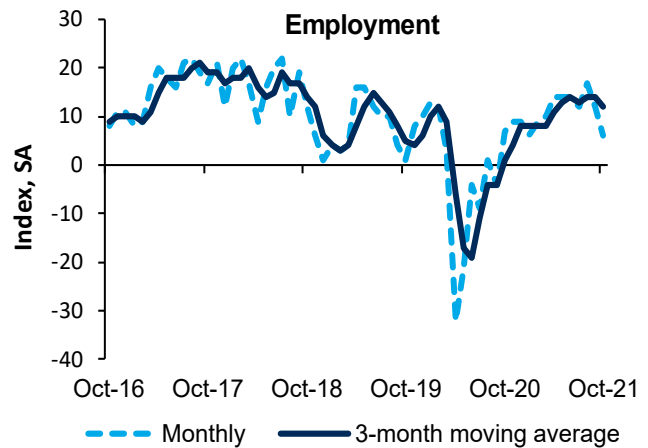
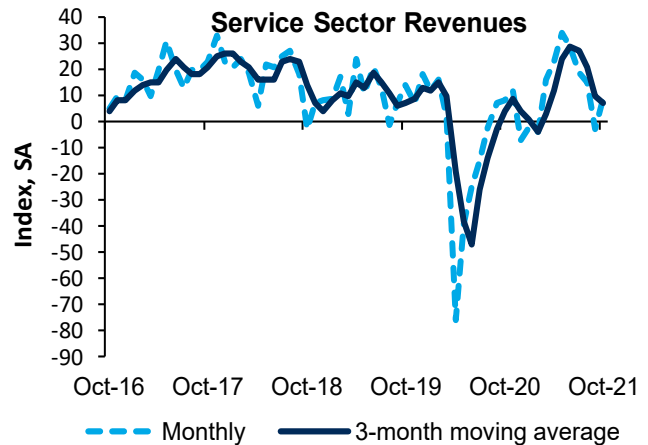
October 26, 2021

Service Sector Firms Reported Growth in October

Fifth District service sector firms reported growth in October, according to the most recent survey by the Federal Reserve Bank of Richmond. The indexes for revenues and demand rose from -3 and 17 in September to 9 and 18, respectively, in October. Meanwhile, the local business conditions index remained fairly flat. Firms were optimistic that business conditions would improve in the next six months.

Survey results suggested that many firms increased wages in October. While more firms saw an increase in employment than a decrease, many struggled to find workers with the necessary skills. They expected this difficulty to persist and employment and wages to continue to grow in the coming months.

The average growth rates of both prices paid and prices received by survey respondents increased slightly in October, as growth of prices paid continued to outpace that of prices received. However, participants expected growth of both prices paid and prices received to slow over the next year.



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Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions			Expectations ²		
	Oct-21	Sep-21	Aug-21	Oct-21	Sep-21	Aug-21
Revenues	9	-3	15	29	23	36
Demand	18	17	25	36	27	37
Local Business Conditions	2	2	11	23	13	30
Capital Expenditures	17	13	19	33	39	39
Equipment & Software Spending	21	22	23	36	41	42
Services Expenditures	5	18	9	11	20	21
Employment						
Number of Employees	6	12	17	33	37	41
Wages	41	46	39	62	68	65
Availability of Skills Needed	-30	-30	-28	-27	-24	-28
Average Workweek	15	12	15	19	20	21
Price Trends^{2,3}						
Prices Paid	6.78	6.48	7.04	5.31	5.54	5.82
Prices Received	4.78	4.15	4.09	4.37	4.76	4.40

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 132-145 firms.
- Expectations refer to the time period six months out from the survey period.
- Price changes are expressed as percent change, annualized.
- 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.

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