

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

June 27, 2023

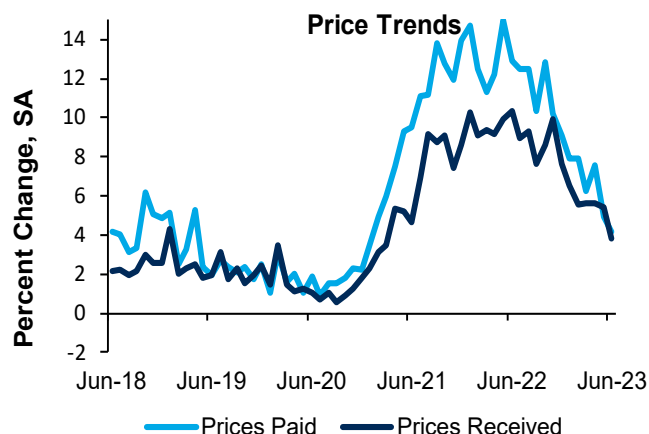
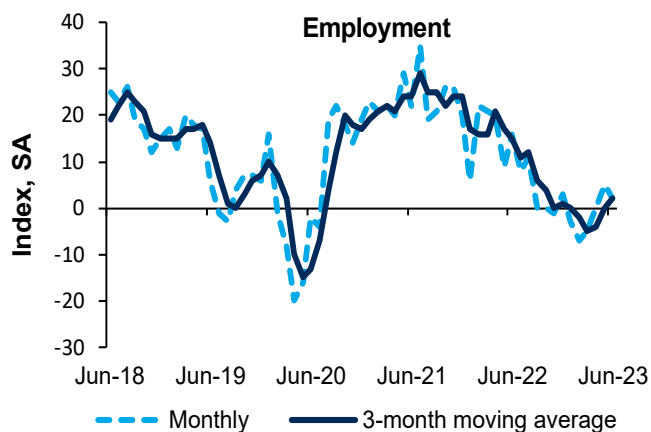
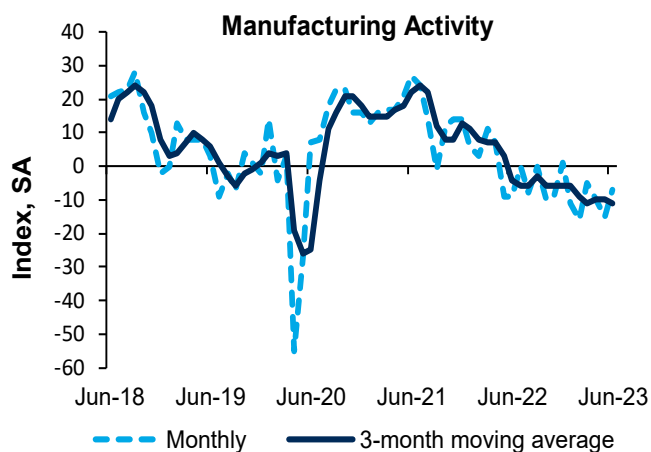
Manufacturing Activity Remained Relatively Flat in June

Fifth District manufacturing activity remained relatively flat in June, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index rose from -15 in May to -7 in June. Two of its three component indexes—shipments and new orders—also improved but remained below zero. The shipments index rose from -13 in May to -5 in June, while the new orders index rose from -29 to -15. The employment index, however, fell slightly from 5 in May to 2 in June.

Firms grew less pessimistic about local business conditions, as the index rose notably to -8 in June. Furthermore, the index for future local business conditions increased to 3 from -16.

Many firms continued to report reductions in orders backlogs and vendor lead time as these indexes remained negative. Meanwhile, all three spending indexes increased.

The average growth rate of prices paid decreased somewhat, while the average growth rate of prices received decreased notably in June. Firms expect both growth rates to moderate over the next 12 months.



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Business Activity Indexes^{1,4,5}

Business Sector Indicators	Current Conditions			Expectations ²		
	Jun-23	May-23	Apr-23	Jun-23	May-23	Apr-23
Fifth District Manufacturing Index ³	-7	-15	-10	--	--	--
Shipments	-5	-13	-7	20	10	9
Volume of New Orders	-15	-29	-20	15	1	-2
Backlog of Orders	-25	-32	-31	-8	-15	-21
Capacity Utilization	-2	-15	-14	12	1	11
Vendor Lead Time	-17	-15	-13	-12	-19	-21
Local Business Conditions	-8	-27	-19	3	-16	-5
Capital Expenditures	6	-12	-2	16	8	3
Finished Goods Inventories	21	11	19	6	4	5
Raw Materials Inventories	20	18	28	8	8	11
Equipment & Software Spending	8	1	-2	5	6	6
Services Expenditures	-3	-5	-16	-9	-8	-8
Employment						
Number of Employees	2	5	0	9	13	11
Wages	17	17	25	42	45	40
Availability of Skills Needed	-4	-7	-12	-4	5	-4
Price Trends⁴						
Prices Paid	4.19	4.95	7.57	2.65	3.43	3.20
Prices Received	3.84	5.39	5.63	1.63	1.58	2.60

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 68-75 firms.
- Expectations refer to the time period six months out from the survey period.
- The manufacturing Index is a gauge of broad activity in the District's manufacturing sector. It is a composite index representing a weighted average of the shipments (33 percent), new orders (40 percent) and employment (27 percent) indexes. 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.
- Current price changes are percentage changes over the last 12 months. Expected price changes are expected changes over the next 12 months.
- Seasonal adjustment factors are recalculated every July and the entire series is revised to better reflect current economic trends.

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