

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

March 28, 2023

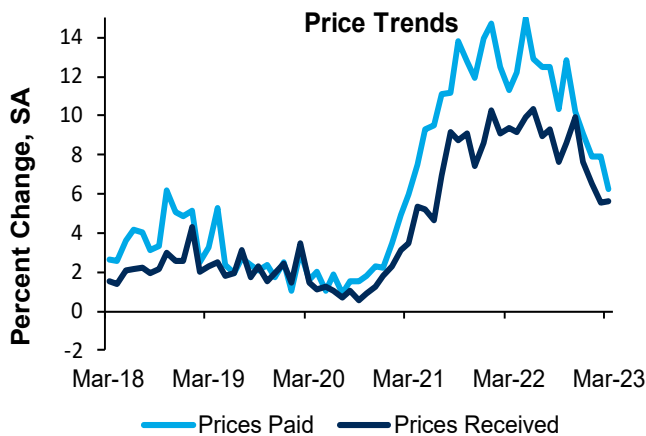
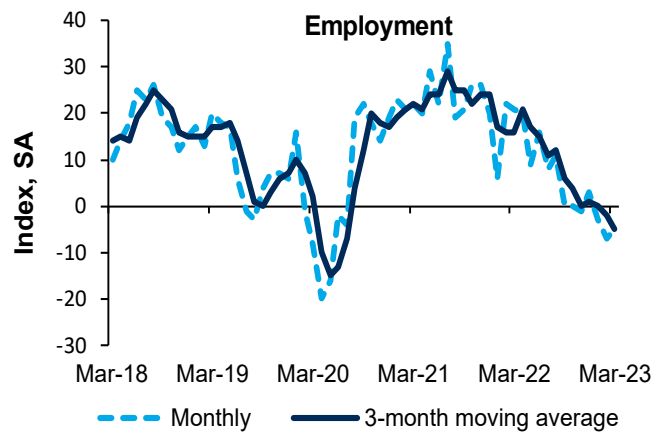
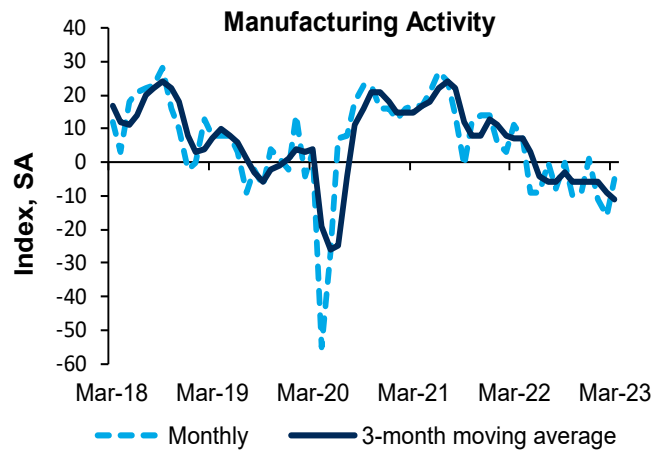
Manufacturing Activity Improved Modestly in March

Fifth District manufacturing firms reported modest improvements in business conditions in March, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index rose from -16 in February to -5 in March. Of its three component indexes, shipments saw the largest change, rising notably from -15 in February to 2 in March. Both the employment and new orders indexes improved from February but remained in negative territory.

Firms remained pessimistic about local business conditions as the index registered -12 in March, nearly unchanged from last month. Furthermore, the index for future local business conditions edged down slightly.

Firms continued to report easing of supply chain constraints as the indexes for backlogs and lead times remained negative.

The average growth rate of prices paid decreased moderately, while the average growth rate of prices received changed little in March. Firms expect both to moderate over the next 12 months.



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Business Activity Indexes^{1,4,5}

Business Sector Indicators	Current Conditions			Expectations ²		
	Mar-23	Feb-23	Jan-23	Mar-23	Feb-23	Jan-23
Fifth District Manufacturing Index ³	-5	-16	-11	--	--	--
Shipments	2	-15	-3	25	8	-7
Volume of New Orders	-11	-24	-24	4	14	-6
Backlog of Orders	-14	-29	-31	-13	-7	-27
Capacity Utilization	-10	-17	-7	18	8	-3
Vendor Lead Time	-18	-17	-13	-15	-22	-26
Local Business Conditions	-12	-13	-13	-1	3	-17
Capital Expenditures	2	-3	-1	6	4	4
Finished Goods Inventories	15	13	14	5	0	7
Raw Materials Inventories	21	21	21	3	5	12
Equipment & Software Spending	-1	-1	9	5	5	9
Services Expenditures	-10	-12	-10	-13	-8	-15
Employment						
Number of Employees	-5	-7	-3	7	14	16
Wages	27	31	41	49	42	45
Availability of Skills Needed	-3	-2	-8	1	1	10
Price Trends⁴						
Prices Paid	6.24	7.90	7.91	3.53	4.52	3.96
Prices Received	5.59	5.54	6.52	2.01	2.85	3.72

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 68-71 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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