

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

April 25, 2023

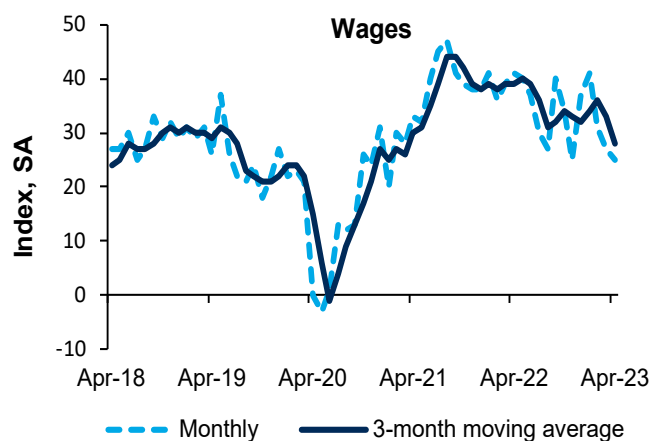
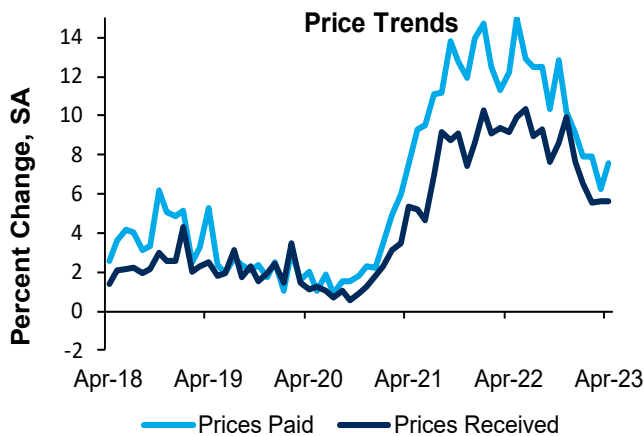
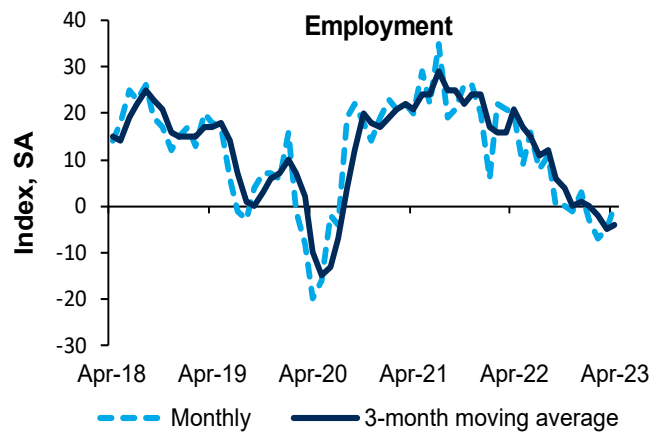
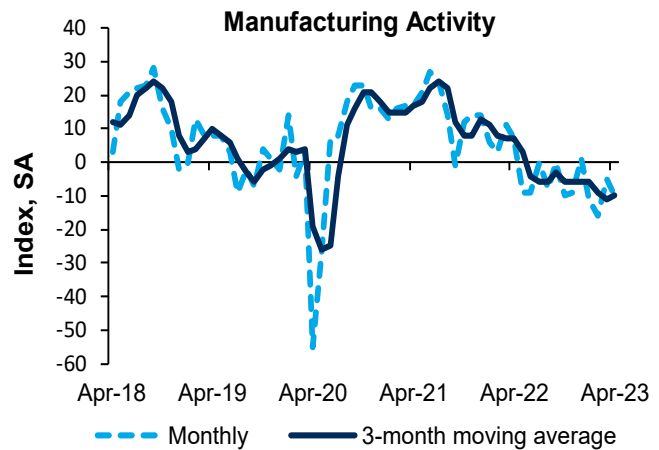
Manufacturing Activity Deteriorated in April

Fifth District manufacturing firms reported deterioration in business conditions in April, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index fell from -5 in March to -10 in April. Two of its three component indexes—shipments and new orders—declined. The shipments index dropped from 2 in March to -7 in April, while the new orders index fell from -11 to -20. The employment index, however, rose slightly from -5 in March to 0 in April.

Firms remained pessimistic about local business conditions, as the index fell to -19 in April. Furthermore, the expectations index for future local business conditions edged down slightly again.

Many firms continued to report reductions in order backlogs and vendor lead time as these indexes remained negative.

The average growth rate of prices paid increased somewhat, while the average growth rate of prices received changed little in April. 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		
	Apr-23	Mar-23	Feb-23	Apr-23	Mar-23	Feb-23
Fifth District Manufacturing Index ³	-10	-5	-16	--	--	--
Shipments	-7	2	-15	9	25	8
Volume of New Orders	-20	-11	-24	-2	4	14
Backlog of Orders	-31	-14	-29	-21	-13	-7
Capacity Utilization	-14	-10	-17	11	18	8
Vendor Lead Time	-13	-18	-17	-21	-15	-22
Local Business Conditions	-19	-12	-13	-5	-1	3
Capital Expenditures	-2	2	-3	3	6	4
Finished Goods Inventories	19	15	13	5	5	0
Raw Materials Inventories	28	21	21	11	3	5
Equipment & Software Spending	-2	-1	-1	6	5	5
Services Expenditures	-16	-10	-12	-8	-13	-8
Employment						
Number of Employees	0	-5	-7	11	7	14
Wages	25	27	31	40	49	42
Availability of Skills Needed	-12	-3	-2	-4	1	1
Price Trends⁴						
Prices Paid	7.57	6.24	7.90	3.20	3.53	4.52
Prices Received	5.63	5.59	5.54	2.60	2.01	2.85

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 63-68 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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