

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

October 24, 2023

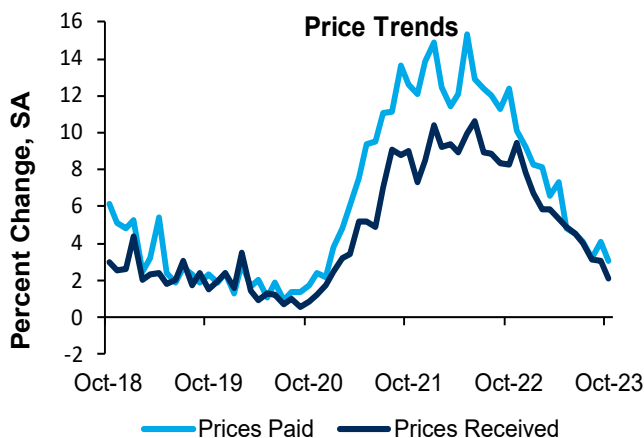
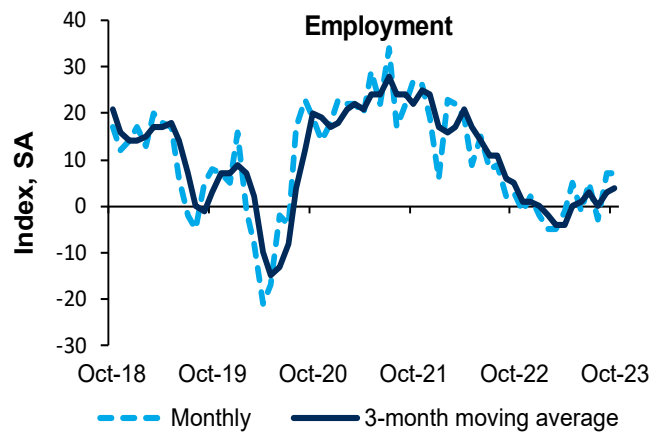
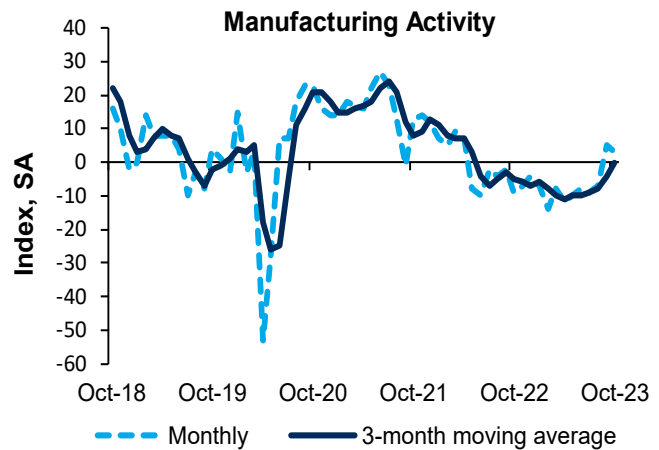
### Manufacturing Activity Changed Little in October

Fifth District manufacturing activity changed little in October, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index edged down from 5 in September to 3 in October. Of its three component indexes, shipments edged up from 7 to 9, new orders fell from 3 to -4, and employment remained at 7. Although the level of the composite index was not very high, it was positive for only the second month since the spring of 2022.

Firms were not optimistic about local business conditions, however, as the index fell from 0 in September to -9 in October. The index for future local business conditions also fell, declining from 6 in September to -3 in October.

Most firms continued to report declining backlogs and vendor lead time as these indexes both remained negative. Meanwhile, two of the three spending indexes decreased.

The average growth rates of prices paid and prices received decreased in October, with both indexes falling below firms' expected price growth for the year ahead, for the first time since December of 2020.



# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

October 24, 2023

### Business Activity Indexes<sup>1,4,5</sup>

Business Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Oct-23	Sep-23	Aug-23	Oct-23	Sep-23	Aug-23
Fifth District Manufacturing Index <sup>3</sup>	3	5	-7	--	--	--
Shipments	9	7	-5	12	12	22
Volume of New Orders	-4	3	-11	6	17	22
Backlog of Orders	-17	-7	-26	-13	-13	-11
Capacity Utilization	-6	6	-11	8	11	9
Vendor Lead Time	-12	-26	-17	-13	-15	-21
Local Business Conditions	-9	0	2	-3	6	10
Capital Expenditures	4	1	4	1	13	14
Finished Goods Inventories	23	14	21	7	4	7
Raw Materials Inventories	23	15	17	11	13	13
Equipment & Software Spending	-2	4	0	6	9	-5
Services Expenditures	-13	-7	-13	-10	-7	-11
<b>Employment</b>						
Number of Employees	7	7	-3	15	19	13
Wages	29	23	22	46	39	55
Availability of Skills Needed	-1	-10	-10	4	-1	-7
<b>Price Trends<sup>4</sup></b>						
Prices Paid	3.02	4.06	3.17	3.45	2.84	3.61
Prices Received	2.07	3.06	3.11	2.08	2.51	2.69

#### 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 76-81 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.

For more information contact Jason Kosakow at 571.287.0448 or [Rich.RegionalSurveyTeam@rich.frb.org](mailto:Rich.RegionalSurveyTeam@rich.frb.org)