

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

May 29, 2024

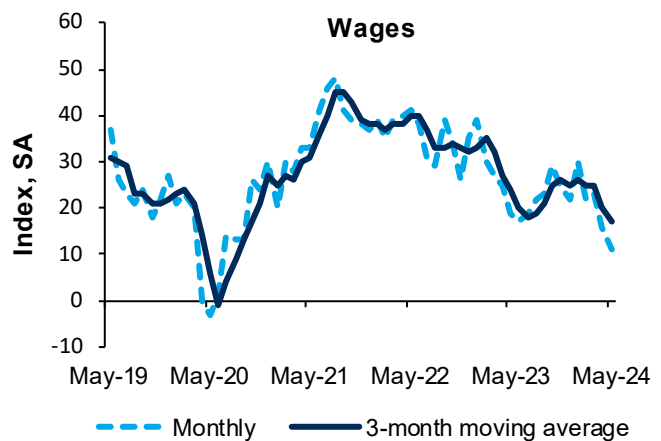
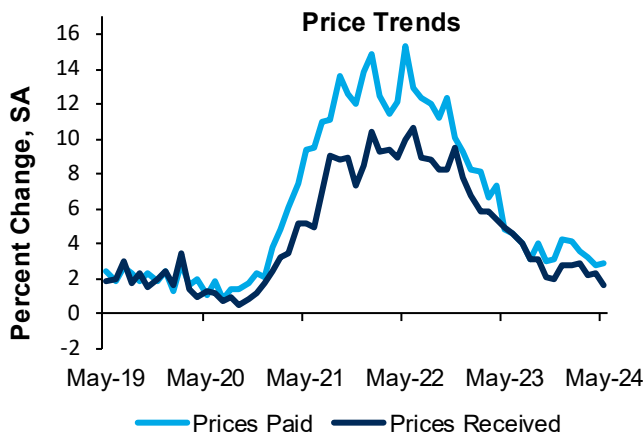
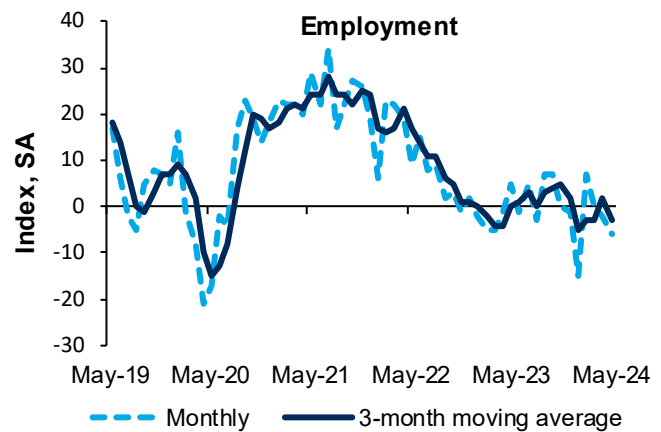
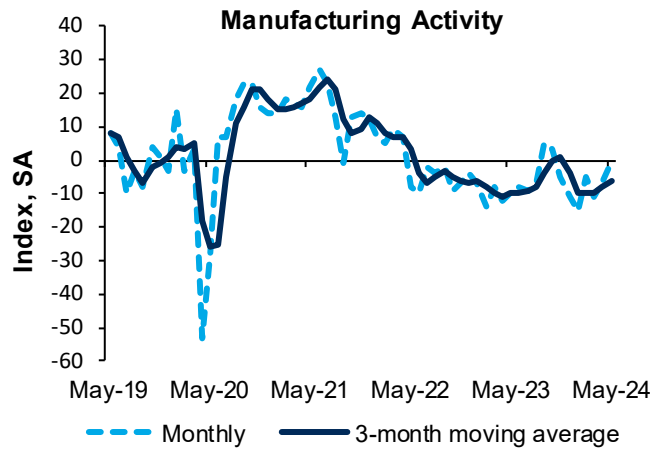
Manufacturing Activity Improved but Remained Sluggish in May

Fifth District manufacturing activity improved but remained sluggish in May, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index increased from -7 in April to 0 in May. Of its three component indexes, shipments increased from -10 to 13, new orders increased from -9 to -6, and employment fell from -2 to -6.

Firms' optimism about local business conditions was nearly unchanged, as the index decreased slightly from 6 to 3. The index for future local business conditions decreased from 16 in April to 6 in May. The future indexes for shipments and new orders remained solidly in positive territory, suggesting that firms expect improvements in these areas over the next six months.

On balance, firms continued to report declining backlogs and vendor lead times in May, as those indexes both decreased and remained negative.

The average growth rate of prices paid increased slightly in May, while the average growth rate of prices received decreased. Firms expected price growth to pick up slightly over the next 12 months.



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Business Activity Indexes¹

Business Sector Indicators	Current Conditions			Expectations ²		
	May-24	Apr-24	Mar-24	May-24	Apr-24	Mar-24
Fifth District Manufacturing Index ³	0	-7	-11	--	--	--
Shipments	13	-10	-14	25	32	19
Volume of New Orders	-6	-9	-17	25	31	19
Backlog of Orders	-19	-17	-25	-1	-2	-1
Capacity Utilization	-7	-5	-21	6	20	11
Vendor Lead Time	-13	-7	-17	-14	-6	-18
Local Business Conditions	3	6	-1	6	16	12
Capital Expenditures	-7	-1	-9	4	-1	0
Finished Goods Inventories	16	10	22	8	1	4
Raw Materials Inventories	17	12	22	8	-2	6
Equipment & Software Spending	-11	-2	-6	-7	1	0
Services Expenditures	-18	-8	-17	-12	-13	-17
Employment						
Number of Employees	-6	-2	0	0	3	2
Wages	11	16	23	42	43	44
Availability of Skills Needed	0	-6	-3	-5	0	-2
Price Trends⁴						
Prices Paid	2.92	2.79	3.22	3.24	3.29	2.94
Prices Received	1.63	2.37	2.23	2.38	2.29	2.03

Technical Notes:

- Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Results are based on responses from 67-75 firms. 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. Data are seasonally adjusted. Seasonal adjustment factors are recalculated every July and the entire series is revised to better reflect current economic trends.
- 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.
- Current price changes are percentage changes over the last 12 months. Expected price changes are expected changes over the next 12 months.

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