Manufacturing Activity Slowed in June

Fifth District manufacturing activity slowed in June, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index decreased from 0 in May to -10 in June. Of its three component indexes, shipments fell notably from 13 to -9, new orders decreased from -6 to -17, and employment rose from -6 to -2.

Firms grew notably less optimistic about local business conditions, as the index fell from 3 to -15. The index for future local business conditions, however, increased from 6 in May to 10 in June. The future indexes for shipments and new orders remained solidly in positive territory, suggesting that firms continued to expect improvements in these areas over the next six months.

Although the vendor lead time index increased, on balance, firms continued to report declining backlogs and vendor lead times in June, as those indexes both remained negative.

The average growth rate of prices paid and prices received increased in June. Firms expected price growth to moderate slightly over the next 12 months.
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.

Technical Notes:
1. Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Results are based on responses from 65-72 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.
2. Expectations refer to the time period six months out from the survey period.
3. 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.
4. 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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