

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

July 23, 2024

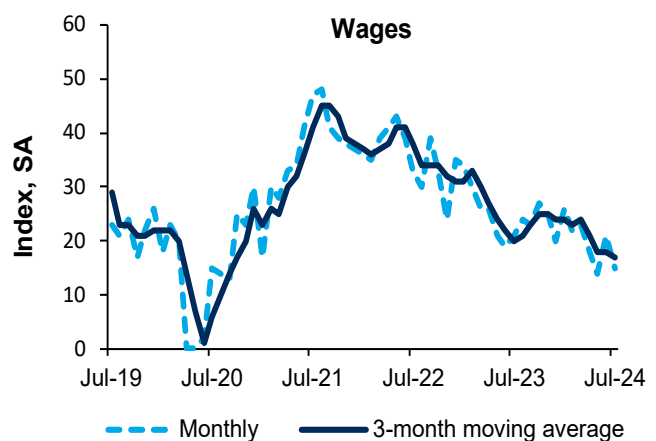
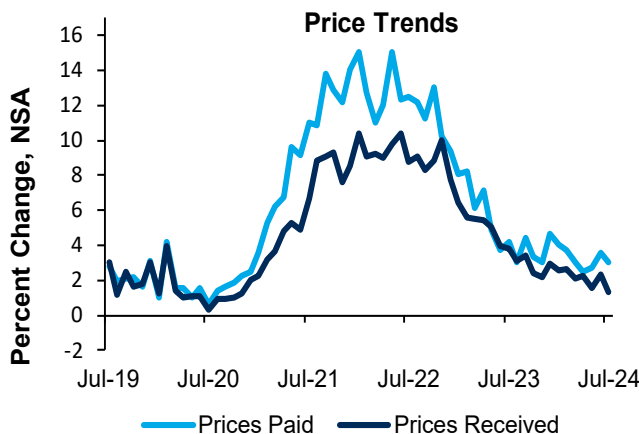
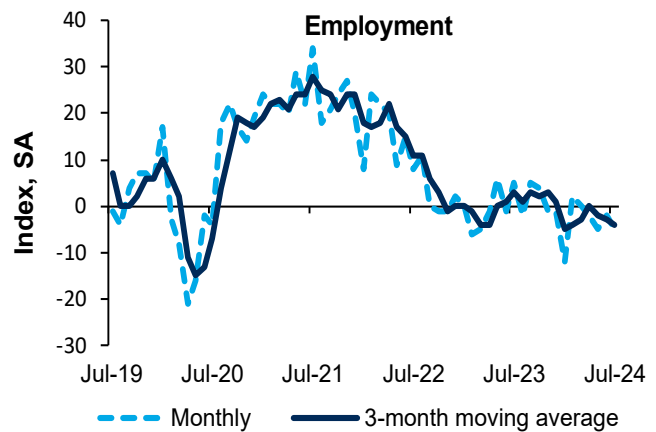
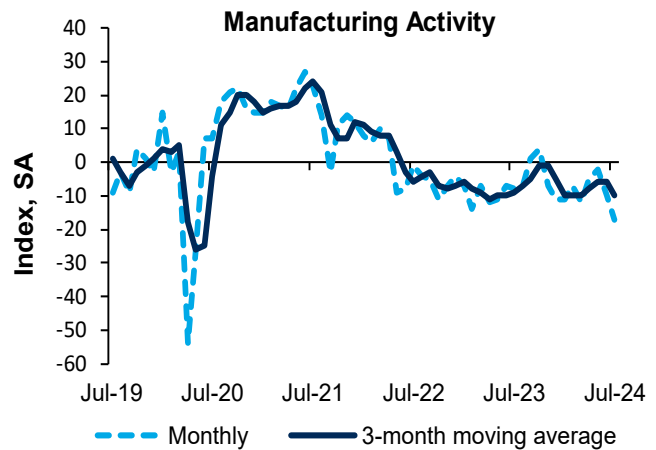
Manufacturing Activity Worsened in July

Fifth District manufacturing activity worsened in July, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index decreased from -10 in June to -17 in July. Of its three component indexes, shipments fell notably from -9 to -21, new orders decreased from -16 to -23, and employment edged down from -2 to -5.

Firms grew less optimistic about local business conditions, as the index fell from -13 to -21. The index for future local business conditions edged down from 9 to 7 in July. 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.

The vendor lead time index increased into slightly positive territory for only the second time in two years. Firms continued to report declining backlogs in July as that index remained negative.

The average growth rate of prices paid and prices received decreased in July. Firms expected little change in price growth over the next 12 months.



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Business Activity Indexes¹

Business Sector Indicators	Current Conditions			Expectations ²		
	Jul-24	Jun-24	May-24	Jul-24	Jun-24	May-24
Fifth District Manufacturing Index ³	-17	-10	-2	--	--	--
Shipments	-21	-9	8	22	21	22
Volume of New Orders	-23	-16	-7	20	23	25
Backlog of Orders	-20	-25	-19	2	-3	-2
Capacity Utilization	-13	-8	-8	13	4	7
Vendor Lead Time	1	-4	-11	-3	-9	-12
Local Business Conditions	-21	-13	0	7	9	8
Capital Expenditures	-9	3	-5	10	1	3
Finished Goods Inventories	20	10	17	9	5	8
Raw Materials Inventories	17	14	17	16	6	8
Equipment & Software Spending	-10	-4	-9	2	-4	-6
Services Expenditures	-14	-7	-18	-8	-9	-12
Employment						
Number of Employees	-5	-2	-5	3	5	3
Wages	15	21	14	48	50	43
Availability of Skills Needed	-5	2	-1	2	0	-4
Price Trends⁴						
Prices Paid	3.00	3.58	2.73	3.20	3.30	3.33
Prices Received	1.31	2.35	1.55	1.29	2.14	2.38

Technical Notes:

- Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Results are based on responses from 71-80 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, excluding price trends, 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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