

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

August 27, 2024

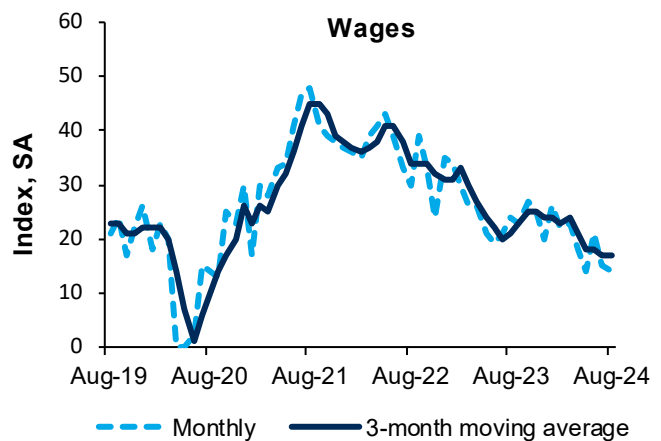
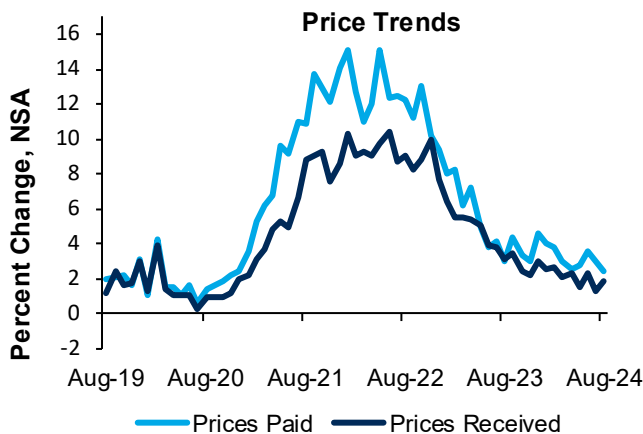
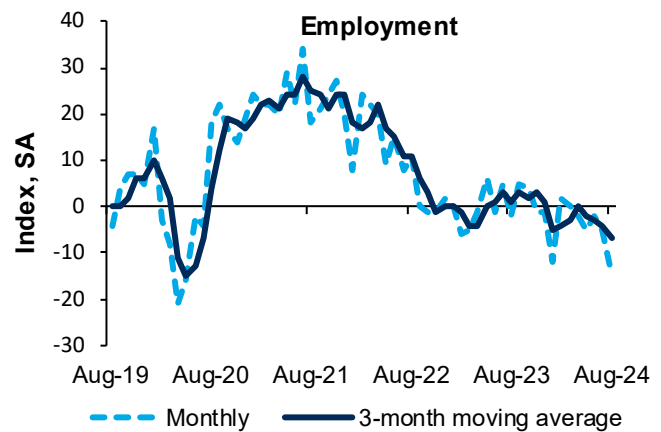
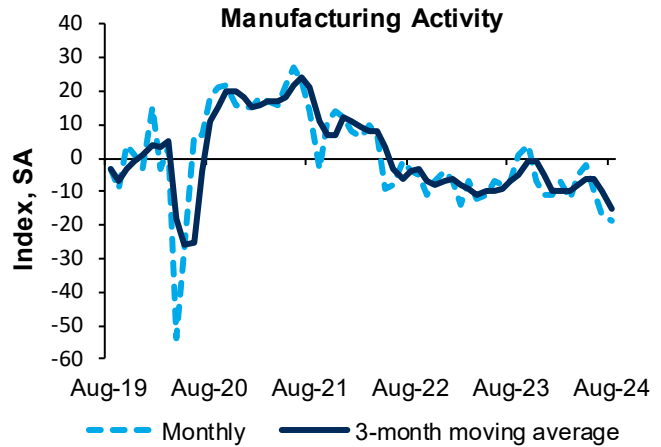
Manufacturing Activity Slowed in August

Fifth District manufacturing activity slowed in August, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index edged down from -17 in July to -19 in August. Of its three component indexes, shipments rose from -21 to -15, new orders decreased from -23 to -26, and employment fell from -5 to -15.

Firms grew less optimistic about local business conditions, as the index decreased from -21 to -24. The index for future local business conditions fell notably from 7 to -18 in August, with fewer than 10 percent of respondents expecting conditions to improve in the next six months. However, 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 decreased slightly into negative territory. On balance, firms continued to report declining backlogs in August as that index remained negative.

The average growth rate of prices paid decreased in August. The average growth rate of prices received increased somewhat, although it remained relatively low. Firms expected little change in price growth over the next 12 months.



Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

August 27, 2024

Business Activity Indexes¹

Business Sector Indicators	Current Conditions			Expectations ²		
	Aug-24	Jul-24	Jun-24	Aug-24	Jul-24	Jun-24
Fifth District Manufacturing Index ³	-19	-17	-10	--	--	--
Shipments	-15	-21	-9	23	22	21
Volume of New Orders	-26	-23	-16	14	20	23
Backlog of Orders	-27	-20	-25	-12	2	-3
Capacity Utilization	-17	-13	-8	10	13	4
Vendor Lead Time	-4	1	-4	-2	-3	-9
Local Business Conditions	-24	-21	-13	-18	7	9
Capital Expenditures	-14	-9	3	-6	10	1
Finished Goods Inventories	16	20	10	7	9	5
Raw Materials Inventories	18	17	14	6	16	6
Equipment & Software Spending	-13	-10	-4	-9	2	-4
Services Expenditures	-12	-14	-7	-13	-8	-9
Employment						
Number of Employees	-15	-5	-2	-7	3	5
Wages	14	15	21	41	48	50
Availability of Skills Needed	1	-5	2	9	2	0
Price Trends⁴						
Prices Paid	2.45	3.00	3.58	2.28	3.20	3.30
Prices Received	1.87	1.31	2.35	1.62	1.29	2.14

Technical Notes:

- ¹ Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Results are based on responses from 70-80 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.
- 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.

For more information contact Jason Kosakow at 571.287.0448 or Rich.RegionalSurveyTeam@rich.frb.org