

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

November 26, 2024

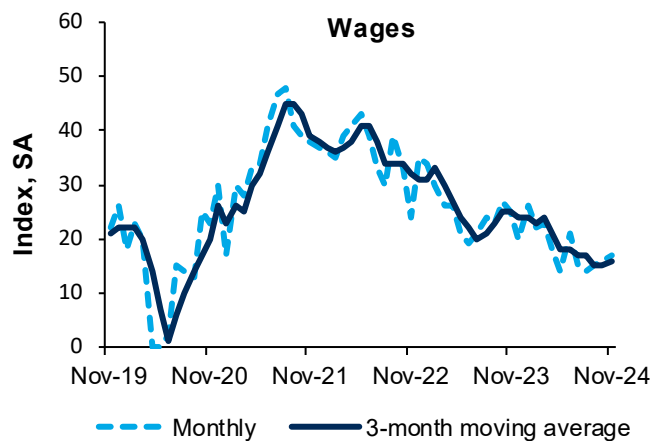
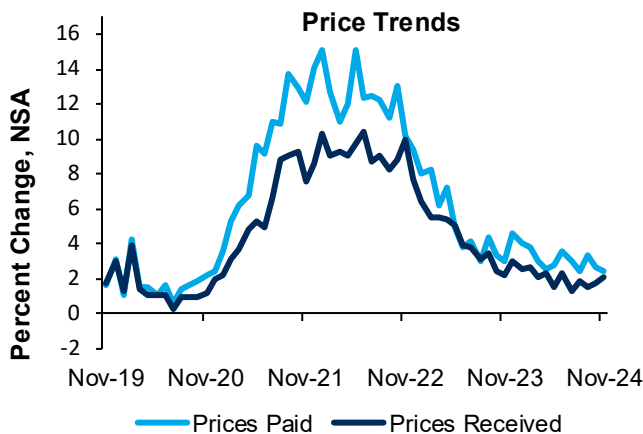
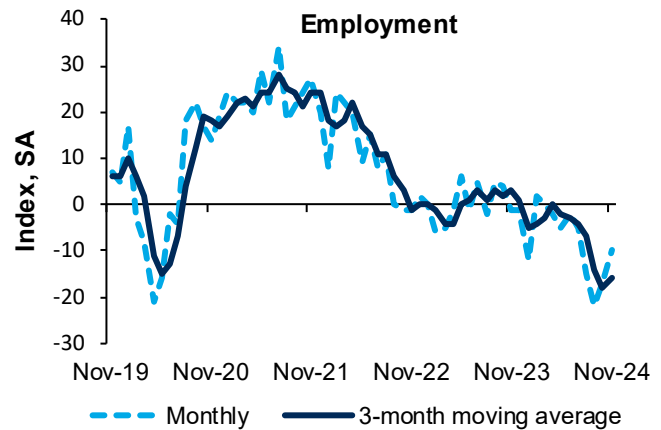
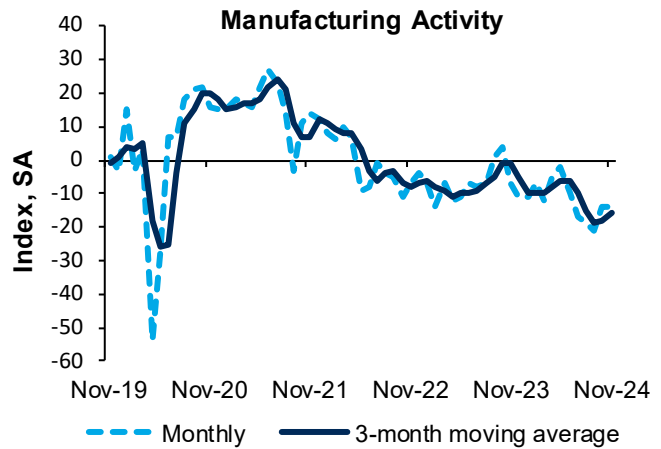
### Manufacturing Activity Remained Sluggish in November

Fifth District manufacturing activity remained sluggish in November, though more businesses were optimistic that conditions would improve over the next six months, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index remained at -14 in November. Of its three component indexes, shipments decreased from -8 to -12, new orders edged down from -17 to -19, and employment increased from -17 to -10.

The local business conditions index edged down from -13 to -14 in November, while the index for future local business conditions increased from 21 to 31. The future indexes for shipments and new orders also increased further into positive territory, suggesting that many firms expected improvements in the next six months.

The vendor lead time index edged down from 6 in October to 4 in November. On balance, firms continued to report declining backlogs in November as that index remained negative.

The average growth rate of prices paid decreased slightly in November, while the average growth rate of prices received increased slightly. Firms expected little change in price growth over the next 12 months.



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### Business Activity Indexes<sup>1</sup>

| Business Sector Indicators                      | Current Conditions |        |        | Expectations <sup>2</sup> |        |        |
|---|--------------------|--------|--------|---------------------------|--------|--------|
|   | Nov-24             | Oct-24 | Sep-24 | Nov-24                    | Oct-24 | Sep-24 |
| Fifth District Manufacturing Index <sup>3</sup> | -14                | -14    | -21    | --                        | --     | --     |
| Shipments                                       | -12                | -8     | -18    | 33                        | 22     | 15     |
| Volume of New Orders                            | -19                | -17    | -23    | 37                        | 35     | 7      |
| Backlog of Orders                               | -27                | -14    | -16    | 10                        | 8      | -6     |
| Capacity Utilization                            | -15                | -11    | -20    | 25                        | 23     | 2      |
| Vendor Lead Time                                | 4                  | 6      | -4     | 7                         | 9      | 0      |
| Local Business Conditions                       | -14                | -13    | -18    | 31                        | 21     | -6     |
| Capital Expenditures                            | 0                  | -23    | -13    | -12                       | -6     | -1     |
| Finished Goods Inventories                      | 29                 | 17     | 20     | 7                         | 4      | 12     |
| Raw Materials Inventories                       | 13                 | 12     | 12     | 1                         | 5      | 4      |
| Equipment & Software Spending                   | -1                 | -21    | -13    | -12                       | -10    | -11    |
| Services Expenditures                           | -20                | -22    | -17    | -19                       | -18    | -11    |
| <b>Employment</b>                               |                    |        |        |                           |        |        |
| Number of Employees                             | -10                | -17    | -22    | -3                        | 4      | -12    |
| Wages   | 17                 | 16     | 15     | 51                        | 47     | 35     |
| Availability of Skills Needed                   | -8                 | -4     | -2     | -3                        | 1      | -3     |
| <b>Price Trends<sup>4</sup></b>                 |                    |        |        |                           |        |        |
| Prices Paid                                     | 2.48               | 2.70   | 3.36   | 2.61                      | 2.72   | 2.89   |
| Prices Received                                 | 2.07               | 1.71   | 1.57   | 2.20                      | 1.40   | 1.96   |

#### Technical Notes:

- Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Results are based on responses from 69-76 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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