

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

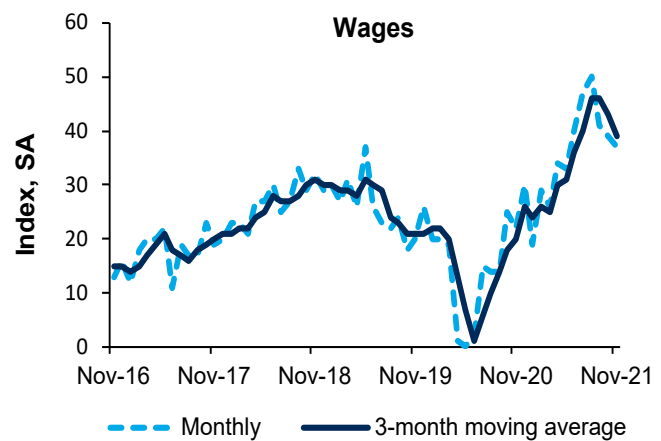
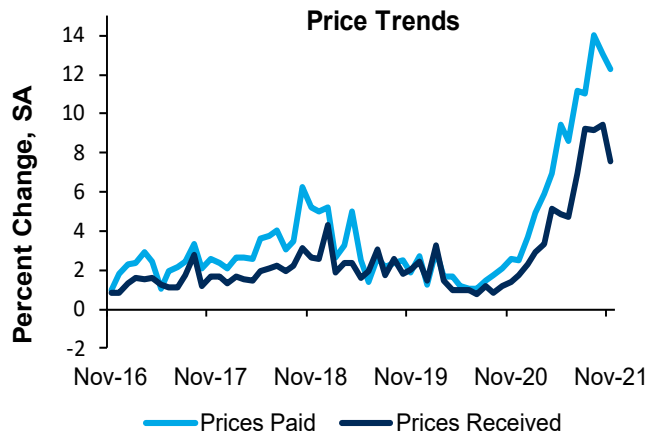
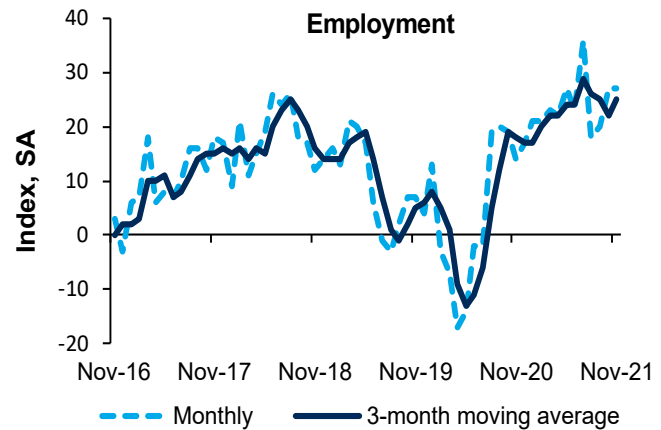
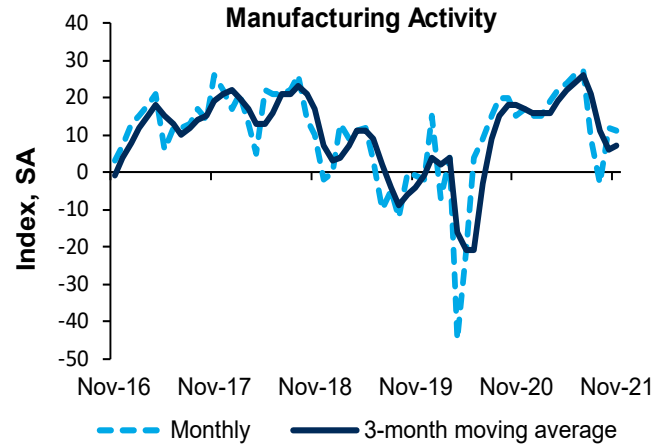
November 23, 2021

Manufacturers Reported Growth in November

Fifth District manufacturers reported growth in November, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index inched down from 12 in October to 11 in November but remained in expansionary territory. All three component indexes—shipments, new orders, and employment—continued to reflect growth. However, many firms reported that inventories were too low, as the index for finished goods inventories reached its lowest value on record. Meanwhile, vendor lead times and backlogs of orders continued to grow. Manufacturers remained optimistic that business conditions would improve in the coming months.

Survey results suggested that many firms increased employment and wages in November, but they struggled to find workers with the necessary skills. Survey respondents expected these trends to continue in the next six months.

The average growth rates of both prices paid and prices received by survey respondents declined in November but remained high. Survey participants expected price growth to slow further over the next year.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Nov-21	Oct-21	Sep-21	Nov-21	Oct-21	Sep-21
Fifth District Manufacturing Index ³	11	12	-3	--	--	--
Shipments	4	1	-1	33	33	40
Volume of New Orders	5	10	-19	27	27	24
Backlog of Orders	13	19	12	2	8	5
Capacity Utilization	0	2	-5	26	29	38
Vendor Lead Time	57	67	59	23	36	27
Local Business Conditions	-4	-4	-8	7	12	17
Capital Expenditures	11	17	10	34	38	35
Finished Goods Inventories	-23	-11	-14	-14	-14	-21
Raw Materials Inventories	-22	-21	-19	-21	-21	-24
Equipment & Software Spending	9	21	22	30	26	25
Services Expenditures	9	7	6	8	12	10
Employment						
Number of Employees	27	27	20	43	45	52
Wages	37	39	41	66	70	72
Availability of Skills Needed	-23	-20	-23	-23	-5	-7
Average Workweek	11	9	3	12	11	21
Price Trends⁴						
Prices Paid	12.28	13.04	14.01	6.33	6.49	6.24
Prices Received	7.59	9.42	9.13	5.80	5.73	5.82

Technical Notes:

- Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Data are seasonally adjusted. Results are based on responses from 73-78 firms.
- 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. 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.
- Price changes are expressed as percent change, annualized.

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