

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

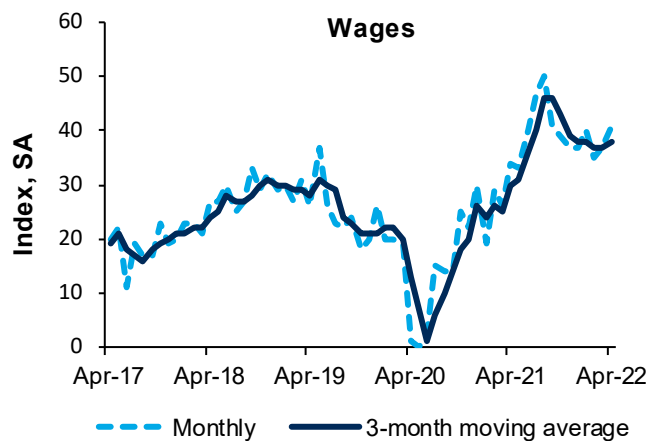
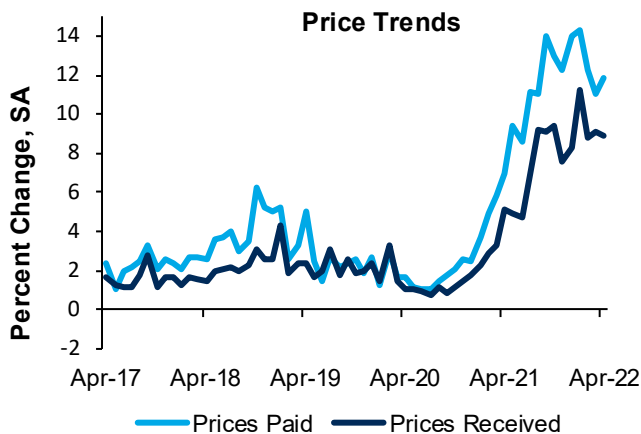
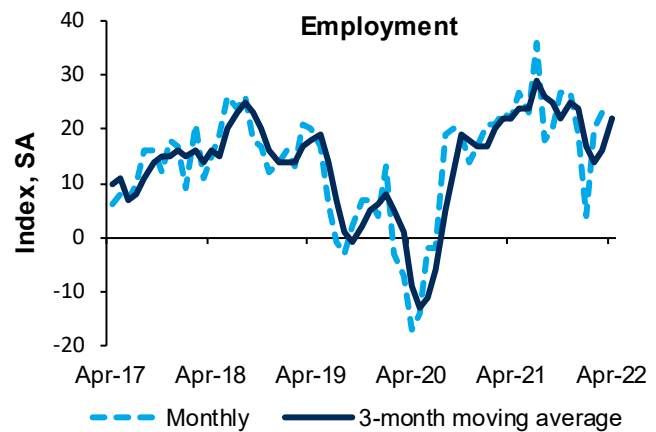
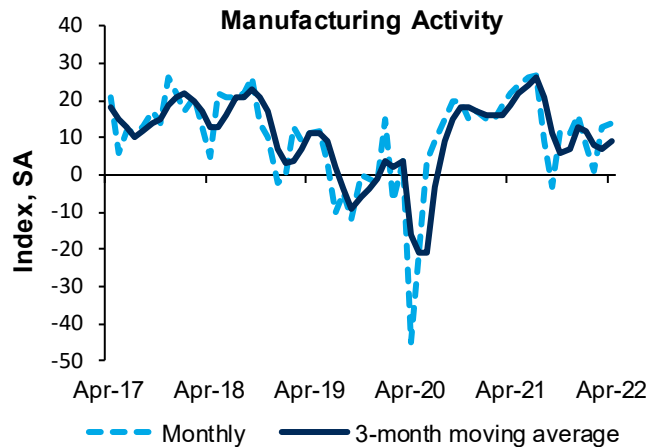
April 26, 2022

Fifth District Manufacturing Expansion Continues in April

Fifth District manufacturing activity continued its expansion in April, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index stood at 14 in April compared to 13 in March. Shipments increased to 17 from 9, while the volume of new orders moved down slightly to 6 from 10. Despite expansionary activity, firms remained pessimistic about current business conditions. Additionally, survey participants expect business conditions to deteriorate in the next six months, which is the third time in the history of the survey that this expectations index has been negative – the other two times were at the beginning of the COVID-19 pandemic.

Order backlogs continued to increase in April, while vendor lead times remained high. Firms expect vendor lead times to continue increasing in the next six months. The index for finished goods and raw materials inventories remained low, and firms expected that to persist for the foreseeable future. Manufacturers continued to report growth in employment while experiencing challenges finding workers with the necessary skills. Our wage index increased to 41 in April from 37, and firms don't expect the increase in wages to let up.

The average growth rate of prices paid increased slightly in April while the growth rate of prices received from customers edged down slightly. Firms expect growth rates for both prices paid and prices received to decrease somewhat in the next 12 months.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Apr-22	Mar-22	Feb-22	Apr-22	Mar-22	Feb-22
Fifth District Manufacturing Index ³	14	13	1	--	--	--
Shipments	17	9	-11	31	30	48
Volume of New Orders	6	10	-3	20	11	42
Backlog of Orders	6	7	-4	6	2	13
Capacity Utilization	17	9	-12	13	16	39
Vendor Lead Time	36	44	45	12	25	17
Local Business Conditions	-10	-5	-6	-1	9	29
Capital Expenditures	18	21	20	32	39	42
Finished Goods Inventories	-10	-15	-14	-14	-8	-13
Raw Materials Inventories	-13	-15	-22	-21	-9	-17
Equipment & Software Spending	16	19	31	25	35	34
Services Expenditures	6	17	12	2	8	9
Employment						
Number of Employees	22	23	20	43	40	41
Wages	41	37	35	64	59	67
Availability of Skills Needed	-15	-21	-16	-9	-11	-12
Average Workweek	18	18	-1	-2	0	17
Price Trends⁴						
Prices Paid	11.83	11.05	12.27	6.09	6.56	5.47
Prices Received	8.93	9.16	8.77	5.29	5.58	4.92

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 67-73 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.
- 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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