

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

June 28, 2022

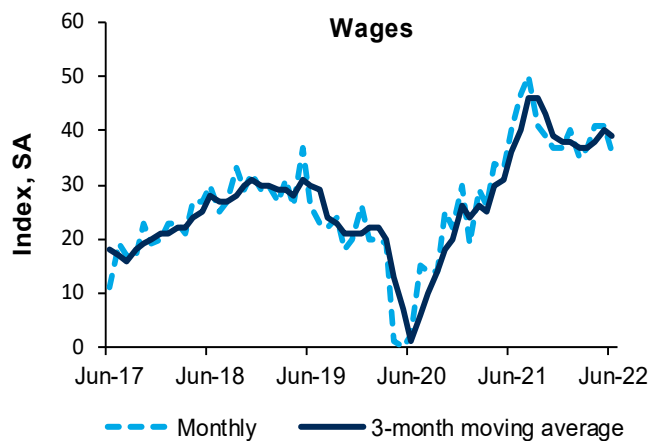
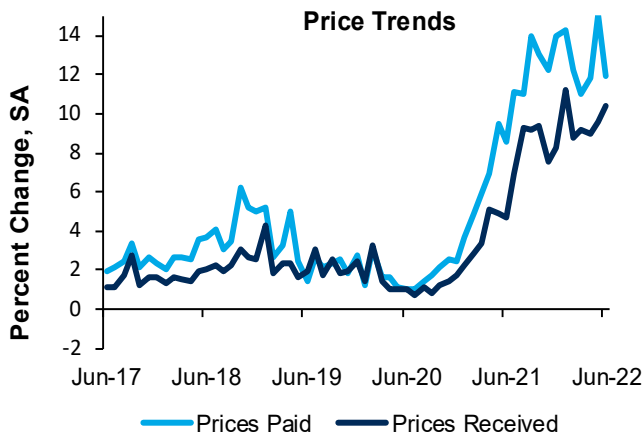
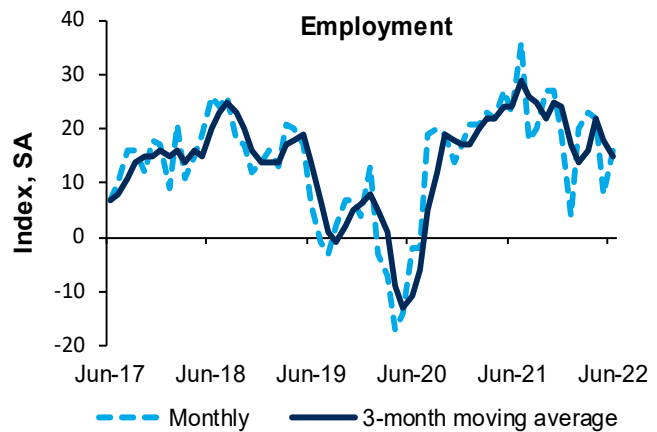
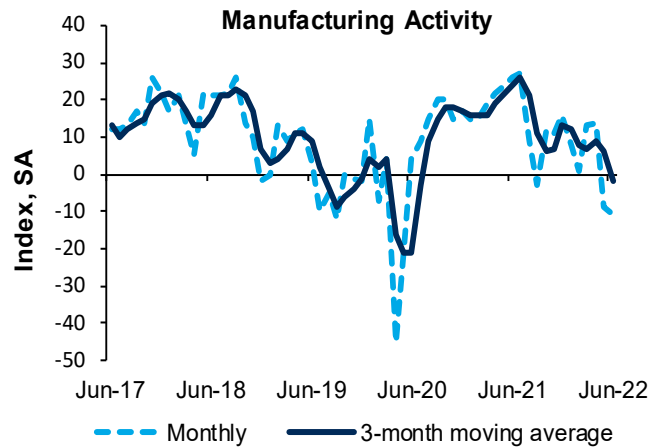
Manufacturing Activity Declined in June

Many Fifth District manufacturing firms reported another decline in activity in June, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index fell from -9 in May to -11 in June, as two of its three component indexes dropped further into negative territory. The indexes for shipments and volume of new orders declined from -14 and -16 in May to -15 and -26 in June, respectively. The third component, the employment index, rose to 16 from 8 in May.

The wage index also remained elevated, despite a minor downward shift, indicating that a large share of firms continues to report increasing wages. Additionally, the local business conditions index continued to slide in June, falling to -28. Firms are also less optimistic about conditions in the next six months as the expectations index decreased to -26 in June from -13 in May.

On a positive note, there was some indication of supply chain relief as the index for vendor lead time decreased in June from record highs earlier in the year. In addition, all three spending indexes decreased in June.

The average growth rate of prices paid decreased somewhat in June. However, firms reported higher average growth in prices received in June.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Jun-22	May-22	Apr-22	Jun-22	May-22	Apr-22
Fifth District Manufacturing Index ³	-11	-9	14	--	--	--
Shipments	-15	-14	17	5	19	31
Volume of New Orders	-26	-16	6	-7	-4	20
Backlog of Orders	-14	-15	6	-23	-11	6
Capacity Utilization	-9	-11	17	11	6	13
Vendor Lead Time	6	18	36	-8	14	12
Local Business Conditions	-28	-16	-10	-26	-13	-1
Capital Expenditures	10	20	18	18	27	32
Finished Goods Inventories	0	-12	-10	-13	-6	-14
Raw Materials Inventories	-8	-16	-13	-12	-11	-21
Equipment & Software Spending	17	21	16	14	28	25
Services Expenditures	-3	11	6	-5	-6	2
Employment						
Number of Employees	16	8	22	17	14	43
Wages	36	41	41	64	66	64
Availability of Skills Needed	-12	-24	-15	-3	-14	-9
Price Trends⁴						
Prices Paid	11.89	15.13	11.83	5.40	7.28	6.09
Prices Received	10.37	9.57	8.93	4.60	5.30	5.29

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 64-70 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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