

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

July 26, 2022

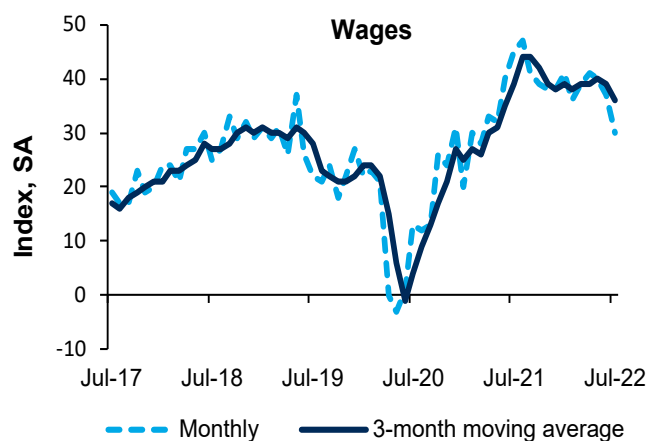
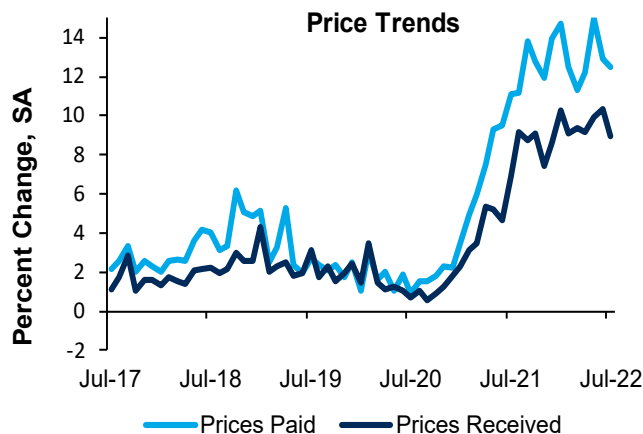
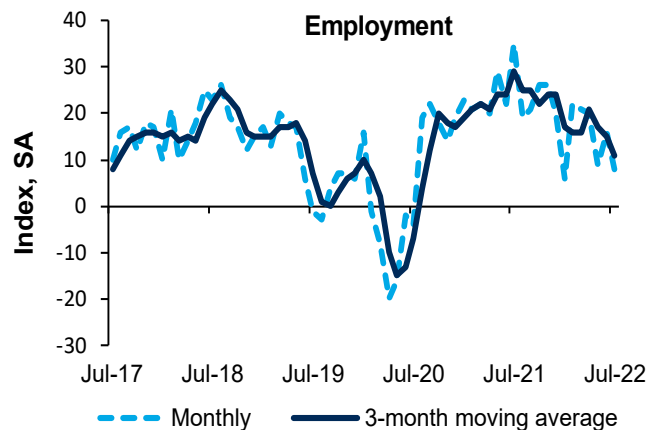
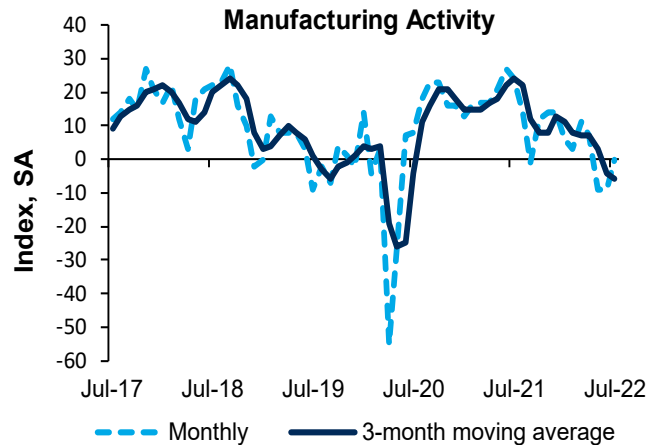
### Manufacturing Activity Remained Flat in July

Fifth District manufacturing activity improved but remained relatively flat in July, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index rose from -9 in June to 0 in July, as two of its three component indexes showed marked improvement. The indexes for shipments and volume of new orders rallied from -17 and -20 in June to 7 and -10 in July, respectively. The third component, the employment index, fell to 8 in July from 16 in June.

Like last month, the wage index remained elevated, despite a downward shift, indicating that a large share of firms continues to report increasing wages. Additionally, the local business conditions index improved in July, climbing from -32 to -13. Firms were also more optimistic about conditions in the next six months as the expectations index increased to -10 in July from -28 in June.

There was further indication of supply chain relief as the index for vendor lead time decreased again in July and the indexes for raw materials and finished goods inventories increased.

The average growth rate of prices paid and prices received decreased in July.



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### Business Activity Indexes<sup>1,4,5</sup>

Business Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Jul-22	Jun-22	May-22	Jul-22	Jun-22	May-22
Fifth District Manufacturing Index <sup>3</sup>	0	-9	-9	--	--	--
Shipments	7	-17	-12	20	11	16
Volume of New Orders	-10	-20	-18	7	-4	-7
Backlog of Orders	-15	-15	-13	-11	-23	-15
Capacity Utilization	-7	-9	-9	14	11	3
Vendor Lead Time	0	9	22	-10	-4	12
Local Business Conditions	-13	-32	-22	-10	-28	-20
Capital Expenditures	14	10	18	29	21	26
Finished Goods Inventories	0	-3	-13	-9	-14	-7
Raw Materials Inventories	3	-7	-16	-7	-14	-12
Equipment & Software Spending	14	16	19	23	15	25
Services Expenditures	-5	-2	8	7	-4	-5
<b>Employment</b>						
Number of Employees	8	16	9	20	20	14
Wages	30	37	40	61	64	65
Availability of Skills Needed	-19	-12	-19	-15	-5	-9
<b>Price Trends<sup>4</sup></b>						
Prices Paid	12.49	12.88	15.01	6.29	5.77	7.15
Prices Received	8.92	10.31	9.94	4.46	4.86	5.49

#### 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 65-68 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.
- Seasonal adjustment factors are recalculated every July, and the entire series is revised, to better reflect current economic trends.

For more information contact Jason Kosakow at 571.287.0448 or [Rich.RegionalSurveyTeam@rich.frb.org](mailto:Rich.RegionalSurveyTeam@rich.frb.org)