

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

September 27, 2022

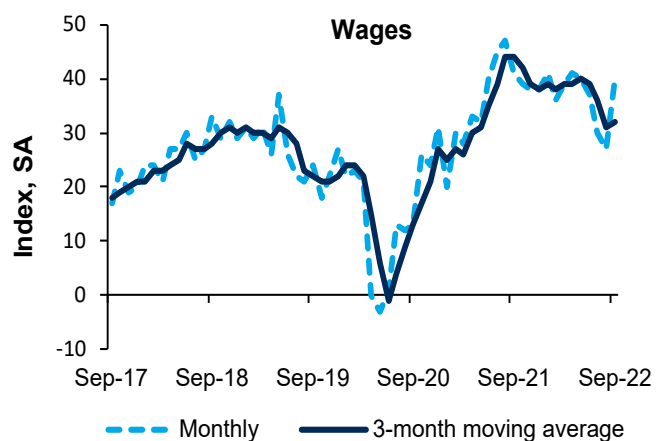
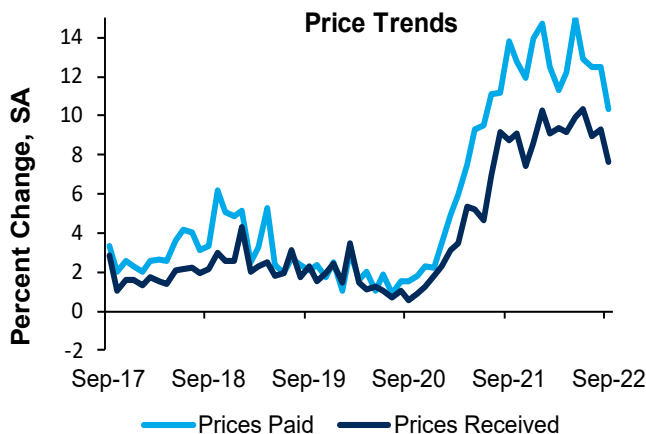
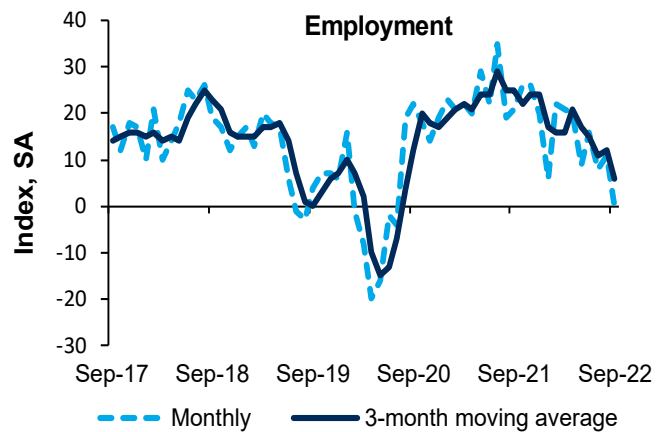
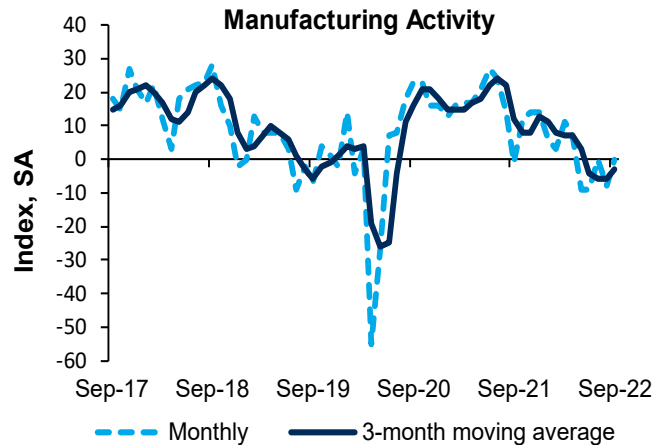
Manufacturing Activity Was Flat in September

Many Fifth District manufacturing firms reported little change in activity in September, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index rose from -8 in August to 0 in September, matching its July level. Two of its three component indexes improved notably: the indexes for shipments and volume of new orders rose from -8 and -20 in August to 14 and -11 in September, respectively. However, the third component, the employment index, fell to 0 from 11 in September, as hiring challenges persisted.

The wage index also increased dramatically, surpassing its July and August levels. The local business conditions index rose but remained negative in September, moving from -14 to -5. Firms' expectations of conditions over the next six months, too, saw a small increase but remained negative.

There was not much indication of supply chain relief since August, as the indexes for vendor lead time and backlog of orders remained steady, although both have improved dramatically since earlier this year.

On a positive note, the average growth rate of prices paid and prices received both decreased markedly in September, as expectations for both over the next 12 months changed little from August.



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Business Activity Indexes^{1,4,5}

Business Sector Indicators	Current Conditions			Expectations ²		
	Sep-22	Aug-22	Jul-22	Sep-22	Aug-22	Jul-22
Fifth District Manufacturing Index ³	0	-8	0	--	--	--
Shipments	14	-8	7	18	15	20
Volume of New Orders	-11	-20	-10	13	4	7
Backlog of Orders	-25	-24	-15	-13	-4	-11
Capacity Utilization	-4	-5	-7	14	14	14
Vendor Lead Time	-11	-14	0	-15	-32	-10
Local Business Conditions	-5	-14	-13	-7	-10	-10
Capital Expenditures	22	18	14	20	29	29
Finished Goods Inventories	-8	-5	0	-9	-5	-9
Raw Materials Inventories	4	-3	3	-4	1	-7
Equipment & Software Spending	17	14	14	24	17	23
Services Expenditures	6	9	-5	3	9	7
Employment						
Number of Employees	0	11	8	19	28	20
Wages	40	27	30	61	65	61
Availability of Skills Needed	-6	-3	-19	-2	3	-15
Price Trends⁴						
Prices Paid	10.34	12.47	12.49	5.14	4.90	6.29
Prices Received	7.66	9.31	8.92	4.50	4.35	4.46

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 60-65 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.

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