

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

November 22, 2022

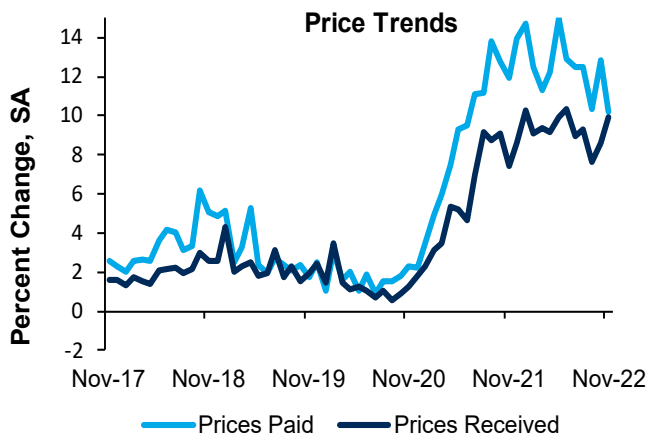
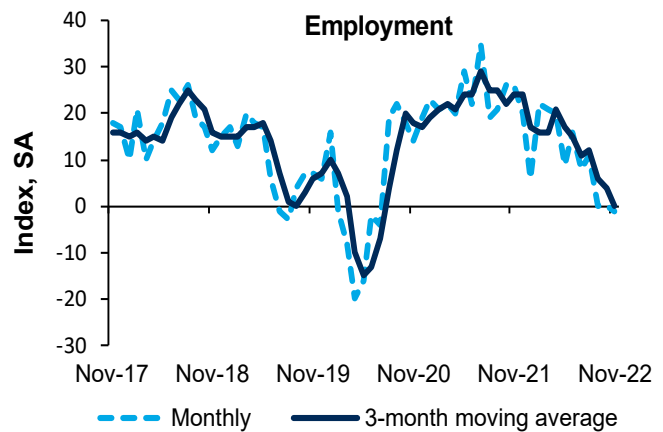
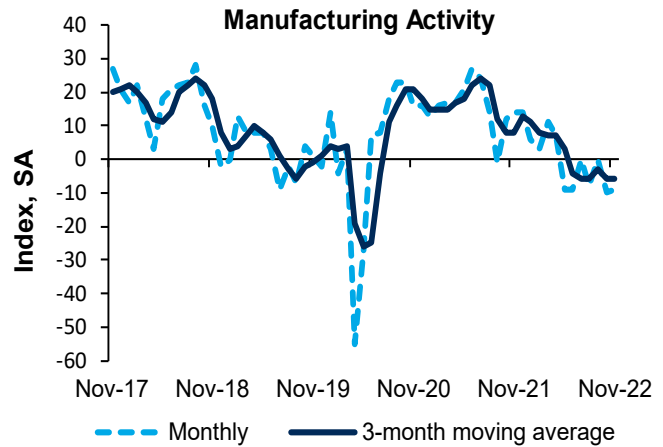
Manufacturing Activity Continued to Soften in November

Some Fifth District manufacturing firms reported softening conditions in November, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index remained negative but edged up from -10 in October to -9 in November. Of its three component indexes, the indexes for shipments and employment deteriorated slightly, edging downward to -8 and -1, respectively. The third component index, volume of new orders, however, showed some improvement, increasing from -22 to -14 in November.

The wage index decreased notably from 34 to 25 in November but remained elevated. The local business conditions index rose from -16 in October to -6 in November, with considerably fewer firms pessimistic about conditions over the next six months.

Despite dramatic improvements throughout this year, supply chain issues appeared to persist for some firms, as the indexes for vendor lead time and backlog of orders increased slightly.

The average growth rate of prices paid decreased in November, while the average growth rate of prices received increased somewhat. Expectations for prices paid over the next 12 months decreased slightly since last month, while expectations for prices received increased slightly. Both remained at levels much lower than current price trends.



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Business Activity Indexes^{1,4,5}

Business Sector Indicators	Current Conditions			Expectations ²		
	Nov-22	Oct-22	Sep-22	Nov-22	Oct-22	Sep-22
Fifth District Manufacturing Index ³	-9	-10	0	--	--	--
Shipments	-8	-3	14	15	-4	18
Volume of New Orders	-14	-22	-11	3	-16	13
Backlog of Orders	-25	-28	-25	-20	-25	-13
Capacity Utilization	-16	-9	-4	6	-7	14
Vendor Lead Time	-10	-15	-11	-15	-24	-15
Local Business Conditions	-6	-16	-5	-1	-30	-7
Capital Expenditures	8	18	22	20	8	20
Finished Goods Inventories	1	-2	-8	-5	0	-9
Raw Materials Inventories	24	20	4	12	3	-4
Equipment & Software Spending	12	12	17	5	7	24
Services Expenditures	-9	4	6	-5	-10	3
Employment						
Number of Employees	-1	0	0	20	10	19
Wages	25	34	40	55	47	61
Availability of Skills Needed	-12	-14	-6	1	-16	-2
Price Trends⁴						
Prices Paid	10.19	12.81	10.34	5.11	6.08	5.14
Prices Received	9.91	8.62	7.66	5.29	4.80	4.50

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 59-64 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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