

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

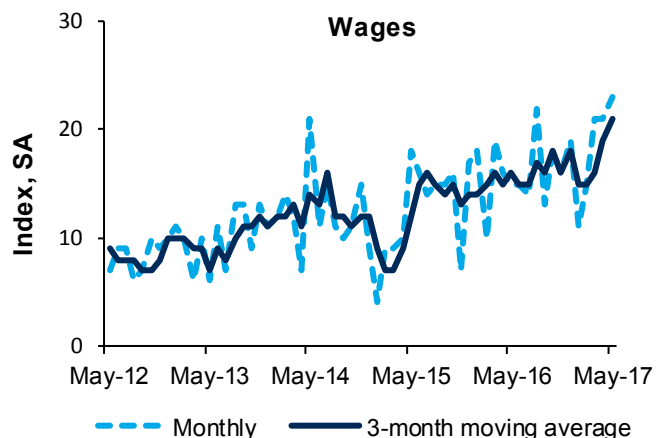
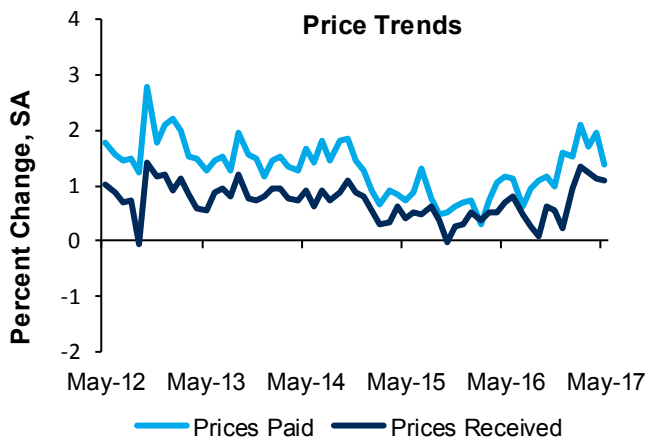
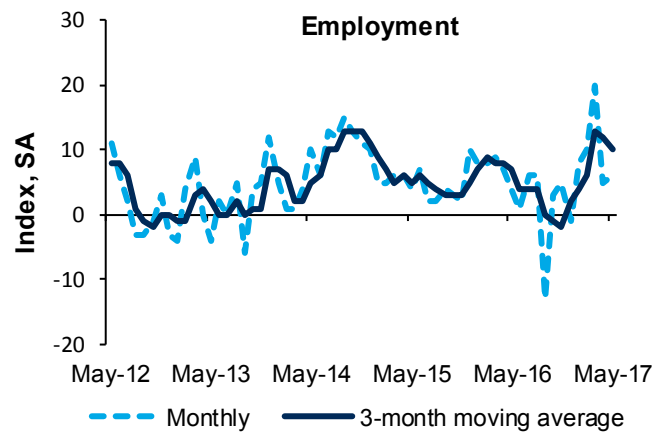
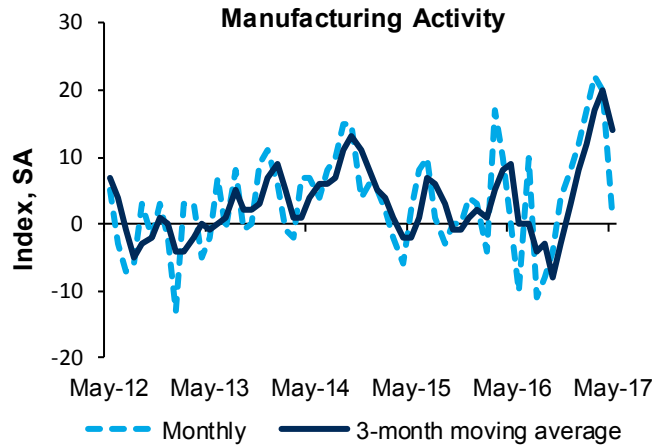
May 23, 2017

Manufacturing Firms were Somewhat Less Upbeat about Activity in May Compared to Prior Months

Manufacturers in the Fifth District were somewhat less upbeat in May than in the prior three months, according to the latest survey by the Federal Reserve Bank of Richmond. The index for shipments and the index for new orders decreased notably, with the shipments index falling to slightly below 0. The index for employment was relatively flat, but the decline in the other two indexes resulted in a decline in the composite index from 20 in April to 1 in May. The majority of firms continued to report higher wages, but more firms reported a decline in the average workweek than reported an increase.

Looking six months ahead, manufacturing executives remained generally optimistic, although the only index to increase was expected capital expenditures. Nonetheless, the expected shipments index had a strong reading of 39 in May (from 42 in April) and the expected new orders index remained relatively high at a reading of 35.

Survey respondents reported that growth in both prices paid and prices received moderated somewhat.



Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Sector

May 23, 2017

Business Activity Indexes^{1,4}

General Business Assessment	Current Conditions			Expectations ²		
	May-17	Apr-17	Mar-17	May-17	Apr-17	Mar-17
Fifth District Manufacturing Index ³	1	20	22	--	--	--
Company Conditions						
Shipments	-2	25	17	39	42	44
Volume of New Orders	0	26	26	35	46	48
Backlog of Orders	-15	4	14	21	22	26
Capacity Utilization	-9	22	21	29	43	38
Vendor Lead Time	6	2	8	3	3	12
Number of Employees	6	5	20	20	25	25
Average Workweek	-3	8	21	8	13	15
Wages	23	21	21	32	34	40
Capital Expenditures	--	--	--	34	26	17
Inventory Levels						
Finished Goods Inventories	15	18	20	--	--	--
Raw Materials Inventories	17	24	23	--	--	--
Price Trends⁴						
Prices Paid	1.37	1.96	1.69	1.41	1.81	1.60
Prices Received	1.08	1.13	1.23	1.45	1.59	1.55

Technical Notes:

- ¹ 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 98 firms.
- ² Expectations refer to the time period six months out from the survey period.
- ³ 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.
- ⁴ Price changes are expressed as percent change, annualized.

For further information, contact Sonya Waddell at 804.697.2694 or Sonya.Waddell@rich.frb.org