

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

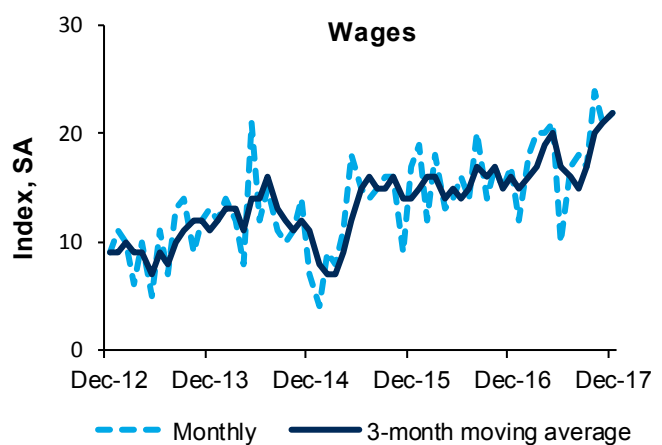
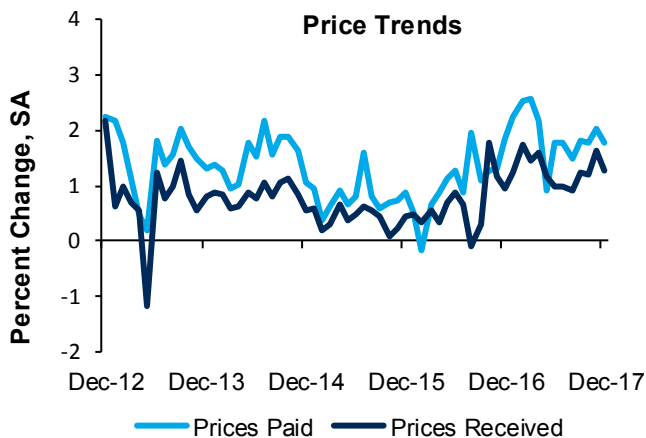
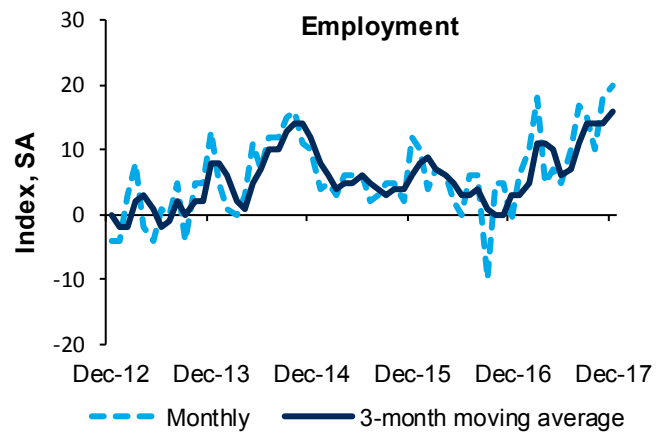
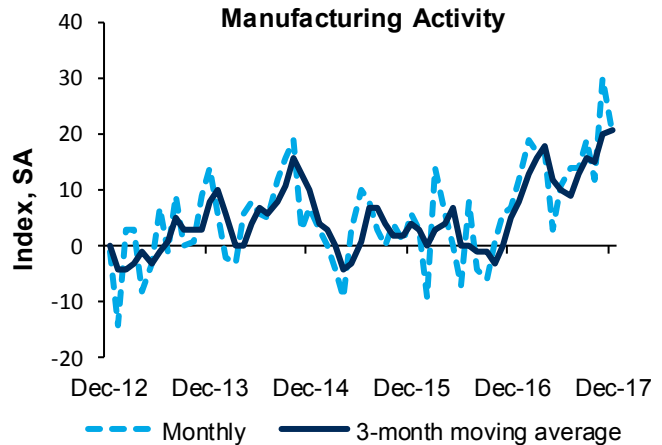
December 26, 2017

*Fifth District Manufacturing Firms Reported Moderate Growth in December*

According to the latest survey by the Federal Reserve Bank of Richmond, Fifth District manufacturing firms saw moderate growth in December. The composite index moved down from its record high November reading of 30 to 20 but remained positive, indicating continued growth. The decrease in the composite index resulted from declines in the indexes for shipments and new orders; but the third component, employment, increased in December. Indicators of wages and inventories also rose. While most other indicators of current conditions moved lower, they remained positive with the exception of the index for backlog of orders, which fell from 21 to -4.

Manufacturing firms remained optimistic, as all expectations indicators increased except for vendor lead time, which dipped from 10 to 7.

District manufacturing firms reported continued price growth in December, although this growth slowed in both prices paid and prices received. However, firms expected an increase in price growth in the coming six months.



# Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Sector

December 26, 2017

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

General Business Assessment	Current Conditions			Expectations <sup>2</sup>		
	Dec-17	Nov-17	Oct-17	Dec-17	Nov-17	Oct-17
Fifth District Manufacturing Index <sup>3</sup>	20	30	12	--	--	--
<b>Company Conditions</b>						
Shipments	24	33	9	44	40	50
Volume of New Orders	16	35	17	44	38	45
Backlog of Orders	-4	21	7	22	15	26
Capacity Utilization	16	19	7	35	31	40
Vendor Lead Time	6	18	18	7	10	15
Number of Employees	20	18	10	26	24	25
Average Workweek	8	17	8	9	5	13
Wages	22	21	24	44	39	33
Capital Expenditures	--	--	--	35	32	27
<b>Inventory Levels</b>						
Finished Goods Inventories	17	9	14	--	--	--
Raw Materials Inventories	24	20	21	--	--	--
<b>Price Trends<sup>4</sup></b>						
Prices Paid	1.79	2.04	1.77	2.10	1.78	1.95
Prices Received	1.27	1.63	1.21	2.02	1.60	1.90

### Technical Notes:

- <sup>1</sup> 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 92 firms.
- <sup>2</sup> Expectations refer to the time period six months out from the survey period.
- <sup>3</sup> 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.
- <sup>4</sup> Price changes are expressed as percent change, annualized.

For further information, contact Roisin McCord at 804.697.8702 or [Roisin.McCord@rich.frb.org](mailto:Roisin.McCord@rich.frb.org)