

Regional Surveys of Business Activity

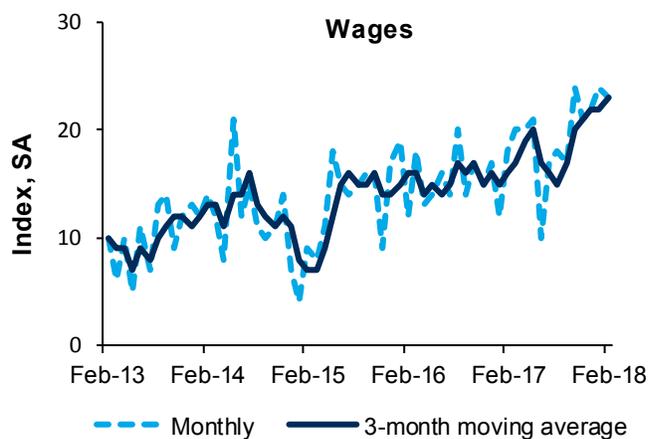
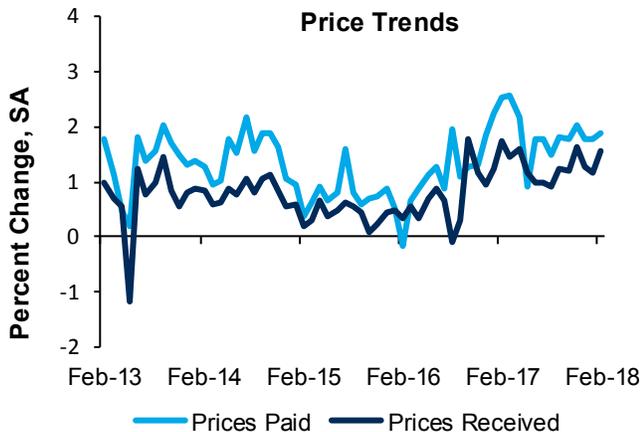
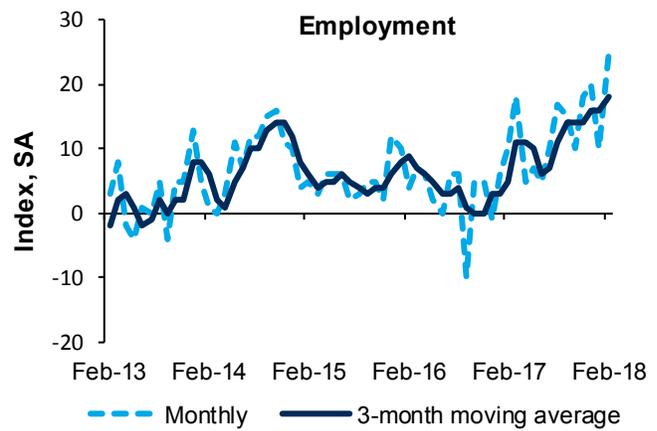
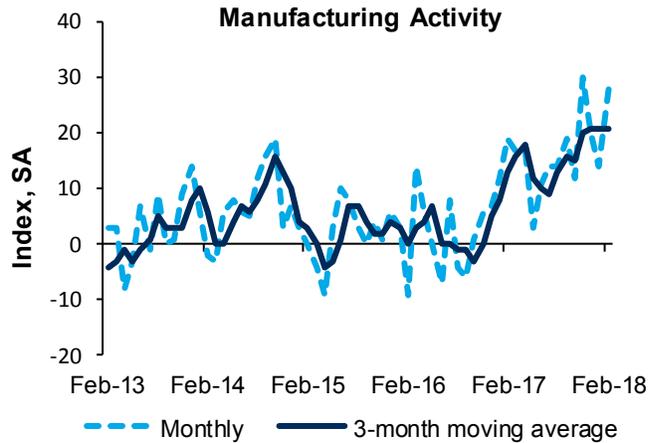
Fifth District Survey of Manufacturing Activity

February 27, 2018

Fifth District Manufacturing Firms Reported Robust Growth in February

Fifth District manufacturing firms saw robust growth in February, according to the results from the latest survey by the Federal Reserve Bank of Richmond. The composite manufacturing index jumped from 14 in January to 28 in February, the second highest value on record, driven by increases in shipments, orders, and employment. The wages index remained in positive territory at 23, while the available skills metric dropped from -10 in January to -17 in February. Despite greater difficulty finding skilled workers, District manufacturing firms saw strong growth in employment and the average workweek in February. Survey results show that manufacturers expect to see continued growth in the coming months.

Manufacturing firms saw growth accelerate for both prices paid and prices received, with each increasing at the highest rate since April 2017. Firms expect prices to continue to grow at a faster rate in the near future.



Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Sector

February 27, 2018

Business Activity Indexes^{1,4,5}

Business Sector Indicators	Current Conditions			Expectations ²		
	Feb-18	Jan-18	Dec-17	Feb-18	Jan-18	Dec-17
Fifth District Manufacturing Index ³	28	14	20	--	--	--
Shipments	31	15	24	45	45	44
Volume of New Orders	27	16	16	40	36	44
Backlog of Orders	18	5	-4	26	25	22
Capacity Utilization	32	13	16	34	30	35
Vendor Lead Time	18	18	6	13	13	7
Local Business Conditions	29	13	30	36	38	36
Capital Expenditures	28	18	26	36	30	35
Finished Goods Inventories	17	17	17	5	9	6
Raw Materials Inventories	23	14	24	5	7	4
Equipment & Software Spending	27	22	23	23	29	28
Services Expenditures	10	8	13	4	14	16
Employment						
Number of Employees	25	10	20	22	21	26
Wages	23	24	22	38	33	44
Availability of Skills Needed	-17	-10	0	-11	-11	5
Average Workweek	28	2	8	7	7	9
Price Trends⁴						
Prices Paid	1.89	1.79	1.79	2.69	2.33	2.10
Prices Received	1.57	1.18	1.27	1.74	1.58	2.02

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 89 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.
- Price changes are expressed as percent change, annualized.
- Starting with the February 2018 data release, we will be reporting additional variables. Historical data files have been changed accordingly. For questions about these variables, please contact the Regional Survey Team at Rich.RegionalSurveyTeam@rich.frb.org or 804-697-8702.

For more information contact [Roisin McCord](mailto:Roisin.McCord@rich.frb.org) at 804.697.8702 or Rich.RegionalSurveyTeam@rich.frb.org