

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

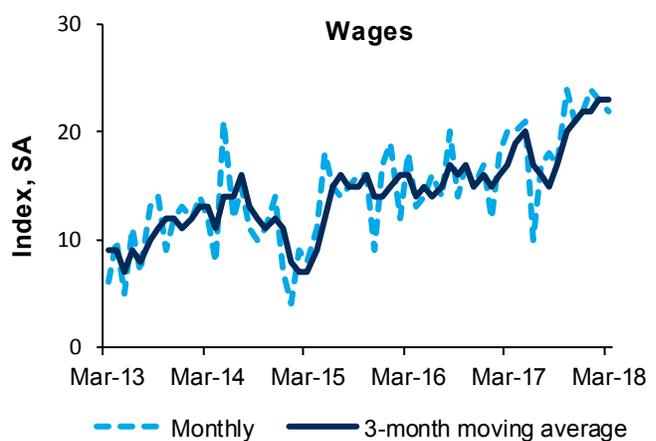
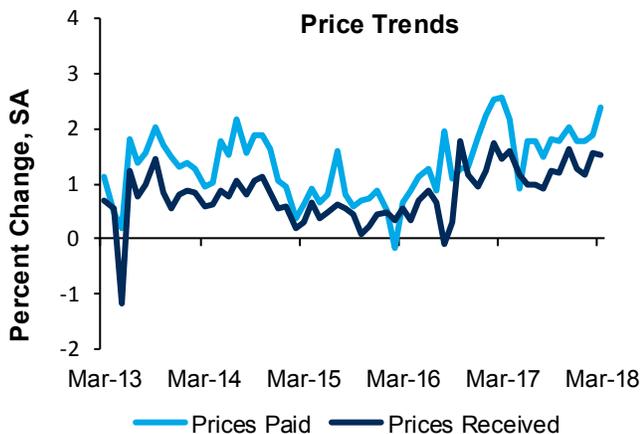
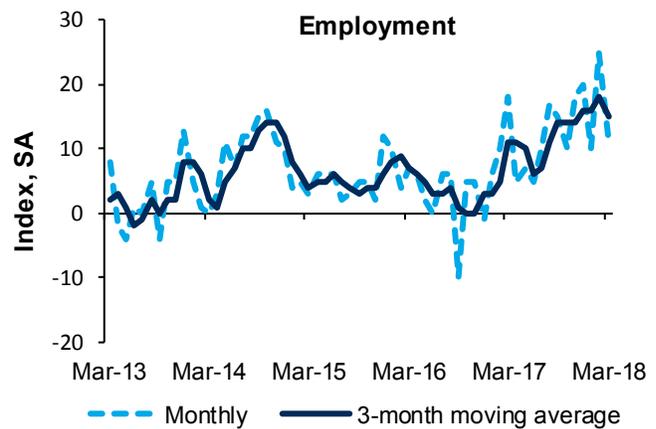
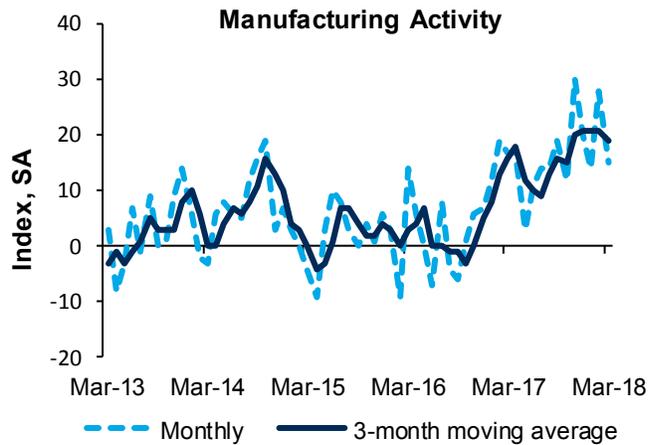
March 27, 2018

Fifth District Manufacturing Firms Reported Sluggish Growth in March

Fifth District manufacturing expanded at a slower pace in March, according to the most recent survey results from the Federal Reserve Bank of Richmond. The composite index dropped from a particularly strong reading of 28 in February to 15 in March as each of the three components (shipments, new orders, and employment) fell. However, for each of these variables, a larger share of firms predicted growth in six months than had in February. Firms reported weaker growth in capital expenditures in March but saw an uptick in growth of business services expenditures.

The survey's employment measures suggested slower growth in March. While the availability of skills index increased in March, it remained in negative territory indicating that skills shortages persisted. Firms anticipate stronger growth in all employment measures in the coming months.

District manufacturers saw higher growth in prices paid in March, but growth in prices received slowed slightly. However, firms expected to see accelerating price increases for both prices paid and received in the next six months.



Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Sector

March 27, 2018

Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Mar-18	Feb-18	Jan-18	Mar-18	Feb-18	Jan-18
Fifth District Manufacturing Index ³	15	28	14	--	--	--
Shipments	15	31	15	55	45	45
Volume of New Orders	17	27	16	46	40	36
Backlog of Orders	10	18	5	34	26	25
Capacity Utilization	13	32	13	40	34	30
Vendor Lead Time	16	18	18	22	13	13
Local Business Conditions	7	29	13	45	36	38
Capital Expenditures	16	28	18	39	36	30
Finished Goods Inventories	5	17	17	1	5	9
Raw Materials Inventories	17	23	14	8	5	7
Equipment & Software Spending	16	27	22	23	23	29
Services Expenditures	18	10	8	23	4	14
Employment						
Number of Employees	11	25	10	31	22	21
Wages	22	23	24	42	38	33
Availability of Skills Needed	-6	-17	-10	-5	-11	-11
Average Workweek	12	28	2	18	7	7
Price Trends⁴						
Prices Paid	2.39	1.89	1.79	2.59	2.69	2.33
Prices Received	1.54	1.57	1.18	1.84	1.74	1.58

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 79 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.

For more information contact Roisin McCord at 804.697.8702 or Rich.RegionalSurveyTeam@rich.frb.org