

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

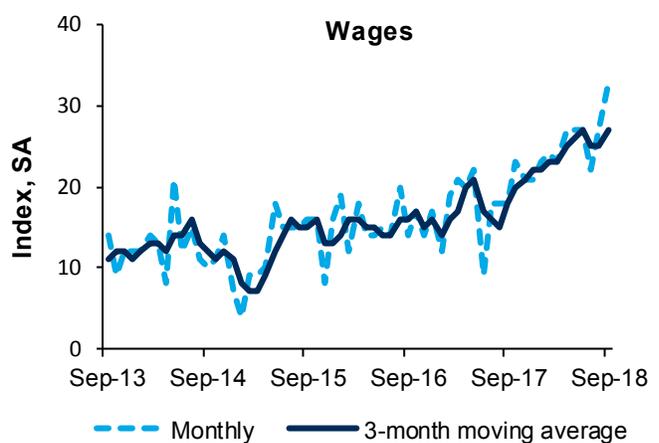
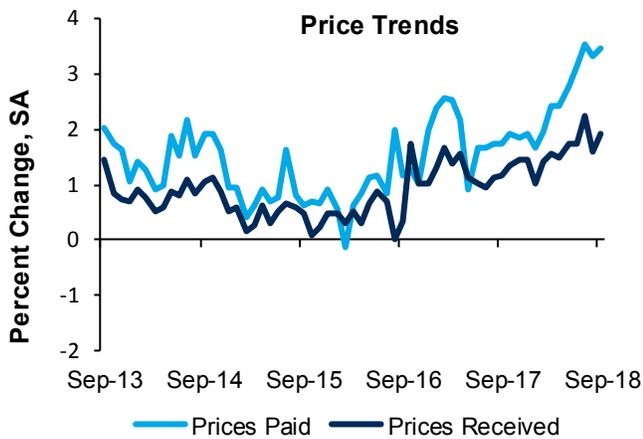
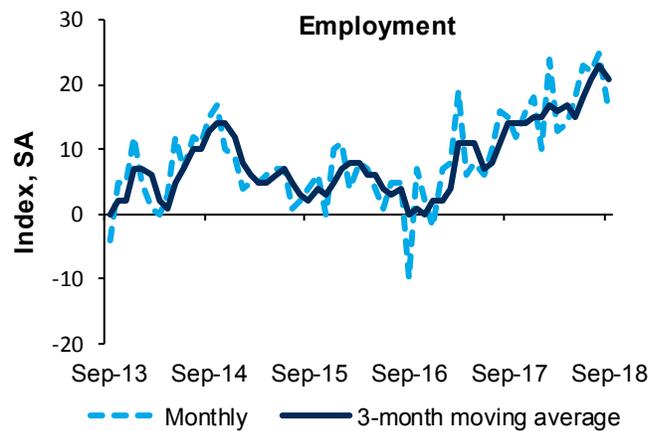
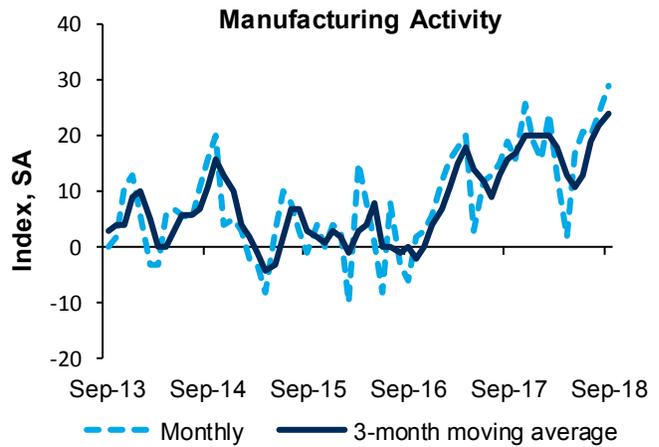
September 25, 2018

Fifth District Manufacturing Activity Was Robust in September

Fifth District manufacturing activity was robust in September, according to results of the most recent survey from the Federal Reserve Bank of Richmond. The composite index rose from 24 in August to 29 in September, buoyed by increases in shipments and new orders, while the index of the third component, employment, dropped. Survey respondents were optimistic, expecting growth to continue in the next six months.

The employment index fell in September but remained positive, while growth in wages and the average workweek expanded. Manufacturing firms continued to struggle to find employees with the skills they needed, and they expect this difficulty to continue in the coming months.

Firms reported faster growth in both prices paid and prices received in September, after price growth had slowed in August. Growth in prices paid continued to outpace growth in prices received. However, firms anticipate slowing of growth in prices paid and accelerated growth of prices received to narrow the gap in the near future.



Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

September 25, 2018

Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Sep-18	Aug-18	Jul-18	Sep-18	Aug-18	Jul-18
Fifth District Manufacturing Index ³	29	24	20	--	--	--
Shipments	33	23	16	43	42	44
Volume of New Orders	34	25	22	37	40	39
Backlog of Orders	20	15	4	26	20	26
Capacity Utilization	20	18	8	40	37	40
Vendor Lead Time	32	35	17	29	23	19
Local Business Conditions	27	13	18	32	26	31
Capital Expenditures	29	21	25	29	37	30
Finished Goods Inventories	6	4	10	2	-3	5
Raw Materials Inventories	14	15	20	-1	0	7
Equipment & Software Spending	20	19	18	23	32	14
Services Expenditures	5	12	6	5	14	-1
Employment						
Number of Employees	16	25	22	23	28	26
Wages	33	27	22	45	43	43
Availability of Skills Needed	-11	-17	-16	-12	-8	-10
Average Workweek	19	16	10	12	13	18
Price Trends⁴						
Prices Paid	3.47	3.31	3.54	3.04	3.24	2.84
Prices Received	1.93	1.58	2.24	2.37	2.63	2.74

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