

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

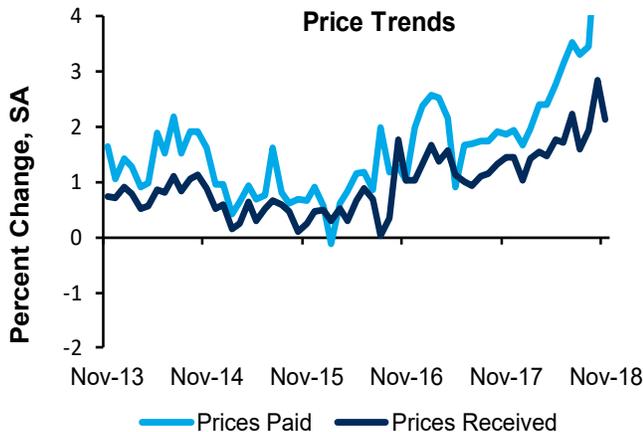
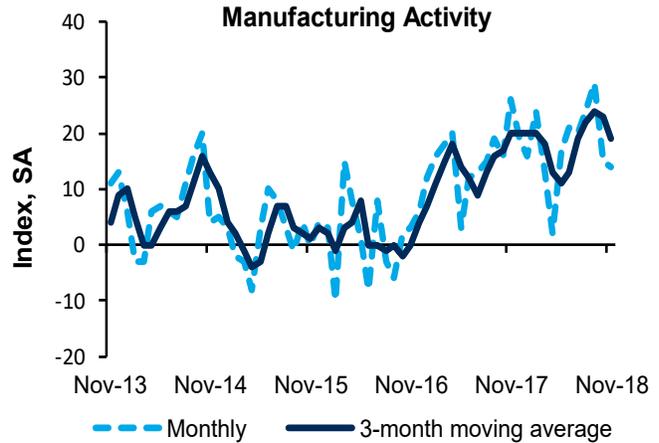
November 28, 2018

### *Fifth District Manufacturing Activity Grew Moderately in November*

Fifth District manufacturing activity grew moderately in November, according to results of the most recent survey from the Federal Reserve Bank of Richmond. The composite index slipped from 15 in October to 14 in November, pulled down by drops in the indexes for new orders and employment, while the other component, the index for shipments, rose. However, all three continued to reflect expansion, as did most other measures of manufacturing activity. Firms were optimistic, expecting growth to continue in the next six months.

While survey results suggested growth in employment and wages among manufacturing firms in November, the struggle to find workers with the required skills persisted. The skills index dropped to a record low of -26, and respondents expected this difficulty to persist in the near future.

Both prices paid and prices received grew in November, although at a slower rate than in October. Prices paid continued to grow faster than prices received, but respondents expected growth in prices received to accelerate in the coming months.



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

Business Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Nov-18	Oct-18	Sep-18	Nov-18	Oct-18	Sep-18
Fifth District Manufacturing Index <sup>3</sup>	14	15	29	--	--	--
Shipments	12	7	33	30	49	43
Volume of New Orders	17	20	34	27	43	37
Backlog of Orders	15	13	20	1	21	26
Capacity Utilization	9	20	20	29	36	40
Vendor Lead Time	35	23	32	22	20	29
Local Business Conditions	5	8	27	16	37	32
Capital Expenditures	17	21	29	37	38	29
Finished Goods Inventories	2	1	6	1	-2	2
Raw Materials Inventories	5	14	14	1	0	-1
Equipment & Software Spending	19	16	20	30	28	23
Services Expenditures	9	-1	5	12	8	5
<b>Employment</b>						
Number of Employees	11	19	16	32	33	23
Wages	34	28	33	58	59	45
Availability of Skills Needed	-26	-22	-11	-29	-25	-12
Average Workweek	11	16	19	11	15	12
<b>Price Trends<sup>4</sup></b>						
Prices Paid	4.70	5.68	3.47	3.92	3.87	3.04
Prices Received	2.13	2.84	1.93	2.60	2.66	2.37

#### 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.

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