

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

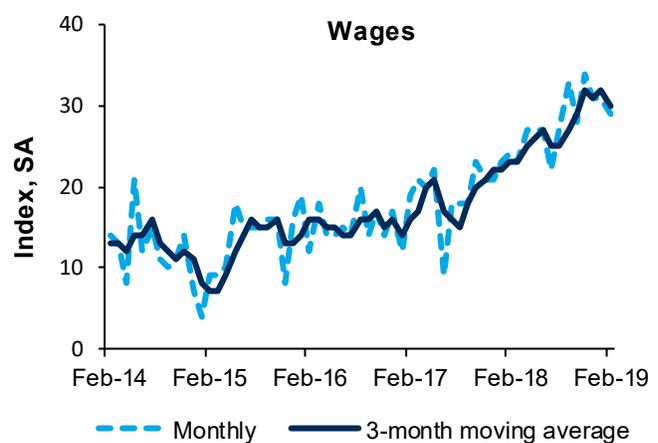
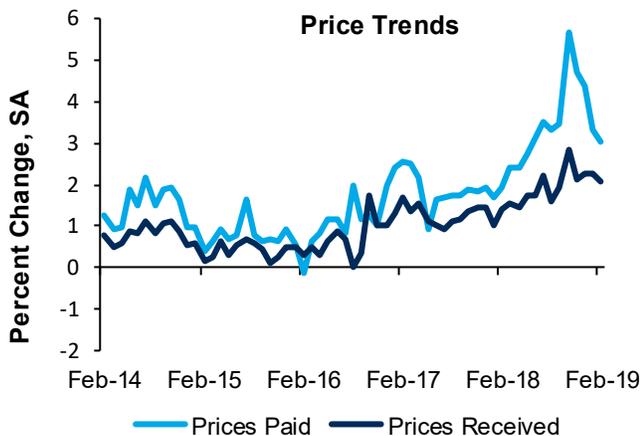
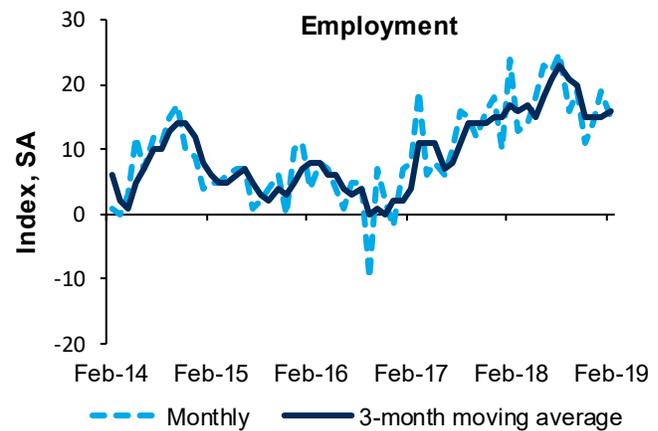
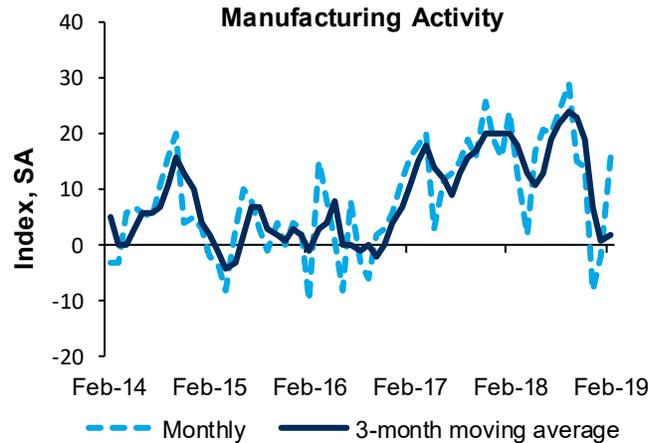
February 26, 2019

Fifth District Manufacturing Activity Strengthened in February

Fifth District manufacturing activity strengthened in February, according to the latest survey from the Richmond Fed. The composite index rose from -2 in January to 16 in February, buoyed by increases in the indexes for shipments and new orders. The employment index fell slightly in February but remained in expansionary territory. Meanwhile, the index for local business conditions rose to 4, indicating improvement, after two months of negative readings. Firms remained optimistic that conditions would continue to improve in the next six months.

Survey results suggested that both employment and wages remained strong in February, but firms continued to struggle to find workers with the skills they needed. Respondents expected this challenge to continue in the coming months.

Survey participants indicated that growth rates of both prices paid and prices received fell in February, as growth of prices paid continued to outpace that of prices received. Firms expected price growth to slow further in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Feb-19	Jan-19	Dec-18	Feb-19	Jan-19	Dec-18
Fifth District Manufacturing Index ³	16	-2	-8	--	--	--
Shipments	12	-8	-25	32	29	19
Volume of New Orders	19	-11	-9	30	31	15
Backlog of Orders	-7	-21	-18	11	5	0
Capacity Utilization	8	3	-16	31	20	20
Vendor Lead Time	4	4	14	3	-9	4
Local Business Conditions	4	-11	-25	23	27	14
Capital Expenditures	8	9	17	16	27	22
Finished Goods Inventories	14	3	13	4	0	7
Raw Materials Inventories	22	23	15	7	3	9
Equipment & Software Spending	12	8	13	12	18	21
Services Expenditures	-4	6	2	-4	8	-1
Employment						
Number of Employees	15	19	14	15	21	28
Wages	29	31	31	51	48	49
Availability of Skills Needed	-13	-12	-28	-19	-17	-23
Average Workweek	17	3	3	-1	7	4
Price Trends⁴						
Prices Paid	3.03	3.32	4.36	2.17	2.48	2.90
Prices Received	2.06	2.26	2.26	1.81	2.00	2.31

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 81 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