

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

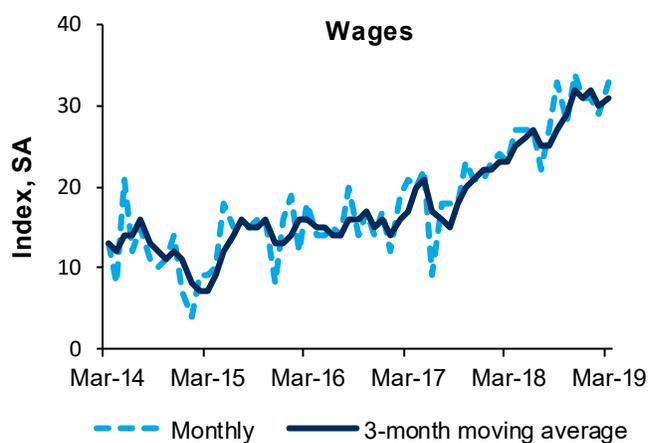
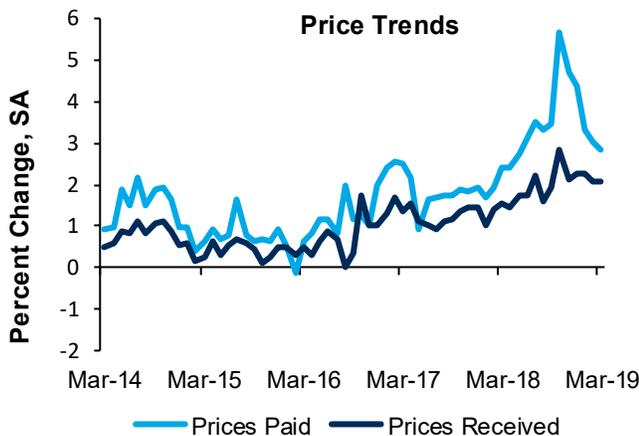
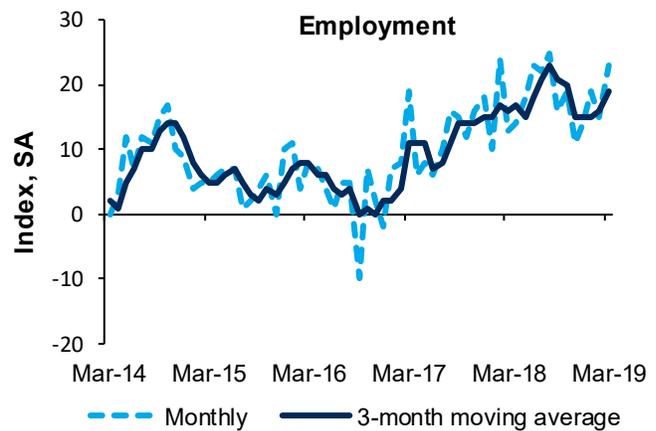
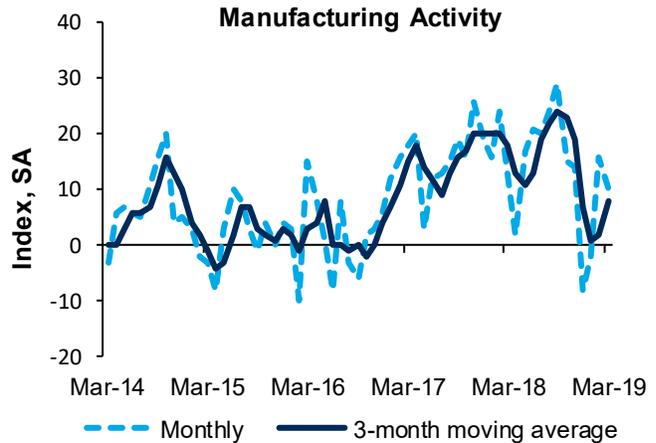
March 26, 2019

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

Fifth District manufacturing activity grew moderately in March, according to the latest survey from the Richmond Fed. The composite index fell from 16 in February to 10 in March but remained in expansionary territory. The fall came from drops in both the shipments and new orders indexes, but the third component, employment, increased. Firms were optimistic, expecting conditions to improve in the coming months.

Survey results indicated growth in both employment and wages in March. However, firms continued to struggle to find workers with the skills they needed. Respondents expected this struggle to persist in the near future but also anticipate continued growth in employment and wages.

The growth rate of prices paid by survey participants fell slightly in March, while growth of prices received remained fairly stable. While this reduced the gap between the two, growth of prices paid continued to outpace growth of prices received. Firms expected growth of both to slow in the next six months.



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

Business Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Mar-19	Feb-19	Jan-19	Mar-19	Feb-19	Jan-19
Fifth District Manufacturing Index <sup>3</sup>	10	16	-2	--	--	--
Shipments	2	12	-8	40	32	29
Volume of New Orders	9	19	-11	36	30	31
Backlog of Orders	-13	-7	-21	16	11	5
Capacity Utilization	1	8	3	26	31	20
Vendor Lead Time	7	4	4	2	3	-9
Local Business Conditions	12	4	-11	29	23	27
Capital Expenditures	6	8	9	24	16	27
Finished Goods Inventories	17	14	3	4	4	0
Raw Materials Inventories	25	22	23	5	7	3
Equipment & Software Spending	15	12	8	24	12	18
Services Expenditures	-4	-4	6	1	-4	8
<b>Employment</b>						
Number of Employees	23	15	19	13	15	21
Wages	33	29	31	41	51	48
Availability of Skills Needed	-14	-13	-12	-23	-19	-17
Average Workweek	5	17	3	6	-1	7
<b>Price Trends<sup>4</sup></b>						
Prices Paid	2.84	3.03	3.32	2.10	2.17	2.48
Prices Received	2.07	2.06	2.26	1.76	1.81	2.00

#### Technical Notes:

- <sup>1</sup> 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 71 firms.
- <sup>2</sup> Expectations refer to the time period six months out from the survey period.
- <sup>3</sup> 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.
- <sup>4</sup> Price changes are expressed as percent change, annualized.

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