

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

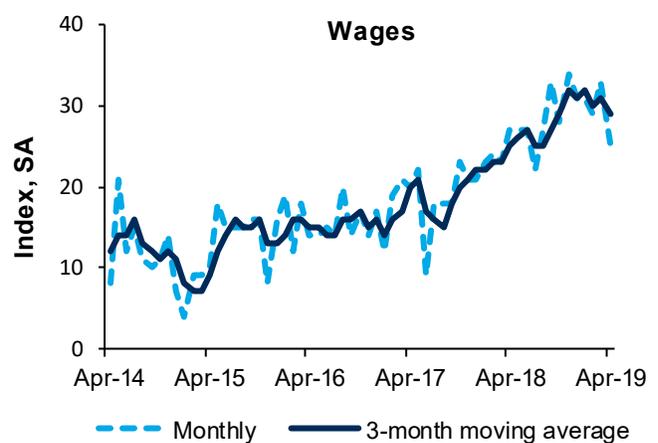
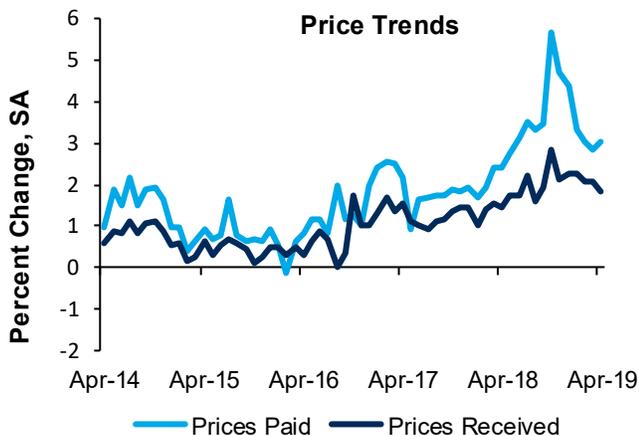
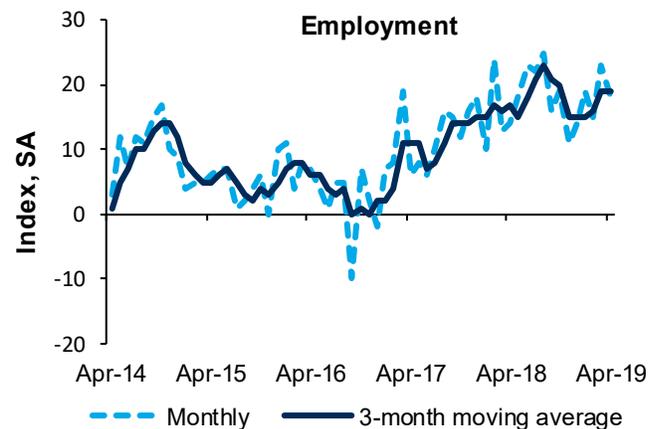
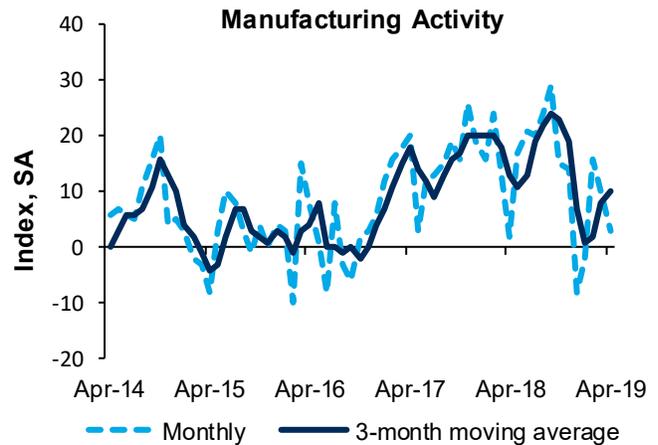
April 23, 2019

Fifth District Manufacturing Activity Moderated in April

Fifth District manufacturing activity moderated in April, according to the latest survey from the Richmond Fed. The composite index fell from 10 in March to 3 in April, weighed down by slightly negative readings in the indexes for both shipments and new orders but buoyed by a positive reading for the third component index, employment. Firms were optimistic, expecting conditions to improve in the next six months.

Survey results suggested continued positive growth in both employment and wages, although these indexes dropped slightly in April. However, firms reported a decline in the average workweek as they continued to struggle to find workers with the necessary skills. Firms expected this difficulty to continue in the coming months.

The growth rate of prices paid by respondents rose in April, while that of prices received fell, widening the gap between the two, as growth in prices paid continued to outpace growth in prices received. Firms expected growth of both prices paid and prices received to decrease in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Apr-19	Mar-19	Feb-19	Apr-19	Mar-19	Feb-19
Fifth District Manufacturing Index ³	3	10	16	--	--	--
Shipments	-2	2	12	49	40	32
Volume of New Orders	-2	9	19	40	36	30
Backlog of Orders	-12	-13	-7	17	16	11
Capacity Utilization	-7	1	8	35	26	31
Vendor Lead Time	13	7	4	13	2	3
Local Business Conditions	11	12	4	34	29	23
Capital Expenditures	13	6	8	30	24	16
Finished Goods Inventories	23	17	14	3	4	4
Raw Materials Inventories	24	25	22	3	5	7
Equipment & Software Spending	15	15	12	24	24	12
Services Expenditures	5	-4	-4	6	1	-4
Employment						
Number of Employees	18	23	15	15	13	15
Wages	25	33	29	50	41	51
Availability of Skills Needed	-8	-14	-13	-14	-23	-19
Average Workweek	-11	5	17	13	6	-1
Price Trends⁴						
Prices Paid	3.04	2.84	3.03	2.45	2.10	2.17
Prices Received	1.84	2.07	2.06	1.72	1.76	1.81

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 69 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.

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