

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

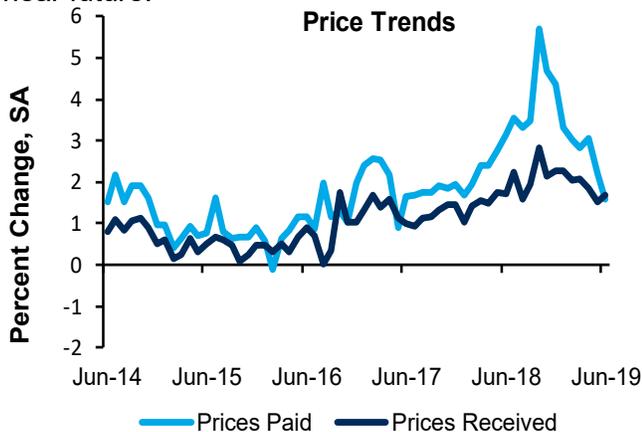
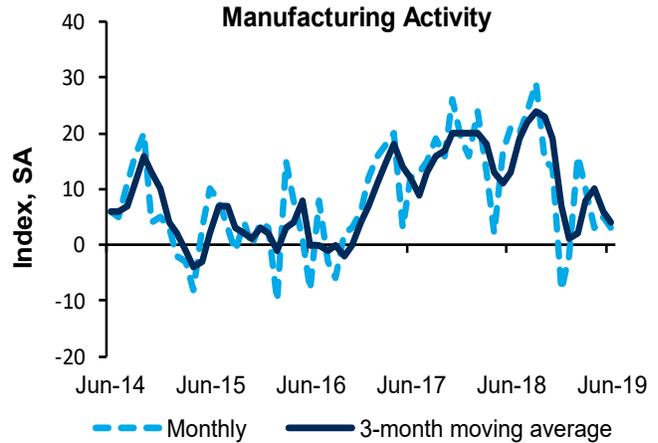
June 25, 2019

Fifth District Manufacturing Changed Little in June

Fifth District manufacturing activity changed little in June, according to the most recent survey from the Richmond Fed. The composite index dropped slightly from 5 in May to 3 in June, resulting from a drop in the employment index, while the other two components, shipments and new orders rose slightly. Most firms reported some improvement in local business conditions, and they were optimistic that they would see growth in the next six months.

Survey results suggested that the employment and average workweek indexes were fairly flat in June. Meanwhile, wage growth reportedly continued and firms still struggled to find workers with the necessary skills. Respondents expected this struggle to continue, but anticipated growth in employment and wages in the coming months.

The growth rate of prices paid fell in June, while the growth rate of prices received increased, causing prices received to outpace prices paid for the first time since May 2017. Firms expected to see continued growth in both prices paid and prices received in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Jun-19	May-19	Apr-19	Jun-19	May-19	Apr-19
Fifth District Manufacturing Index ³	3	5	3	--	--	--
Shipments	7	2	-2	24	27	49
Volume of New Orders	1	0	-2	29	30	40
Backlog of Orders	0	-4	-12	8	7	17
Capacity Utilization	-4	-2	-7	14	21	35
Vendor Lead Time	7	0	13	7	0	13
Local Business Conditions	8	2	11	10	22	34
Capital Expenditures	21	16	13	25	36	30
Finished Goods Inventories	21	26	23	0	8	3
Raw Materials Inventories	27	37	24	1	10	3
Equipment & Software Spending	16	12	15	27	33	24
Services Expenditures	2	6	5	13	14	6
Employment						
Number of Employees	2	17	18	11	24	15
Wages	21	38	25	48	66	50
Availability of Skills Needed	-17	-20	-8	-26	-18	-14
Average Workweek	-2	1	-11	5	4	13
Price Trends⁴						
Prices Paid	1.58	2.21	3.04	2.38	2.47	2.45
Prices Received	1.68	1.53	1.84	1.86	1.60	1.72

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 65 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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