Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

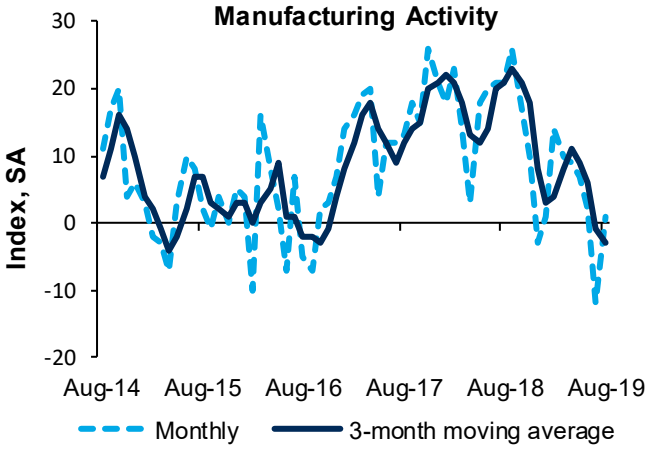
August 27, 2019

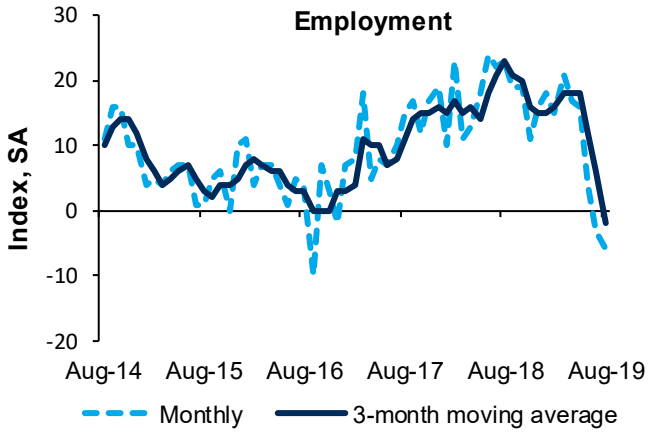
Manufacturing Activity Was Moderate in August

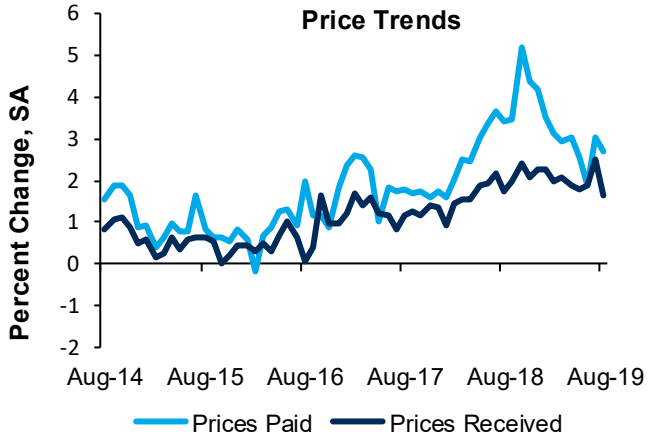
Fifth District manufacturing activity was moderate in August, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index rose from −12 in July to 1 in August, buoyed by increases in the indexes for shipments and new orders. However, the third component, employment, fell. Firms reported increasing capital expenditures and inventories, but the measure of local business conditions was slightly negative. Manufacturers were, however, optimistic that conditions would improve in the next six months.

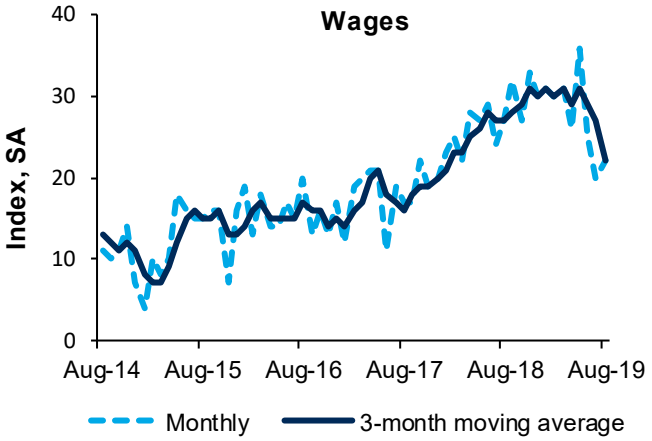
Survey results suggested that many firms saw employment decline while the average workweek increased in August. Respondents reported persistent wage growth but still struggled to find workers with the necessary skills. They expected this struggle to continue, along with wage growth, in the coming months.

The growth rates of both prices paid and prices received by survey participants fell in August. Prices paid continued to outpace prices received, a pattern firms expected to continue in the near future.









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Business Activity Indexes[1,4]

Business Sector Indicators	Current Conditions			Expectations[2]		
	Aug-19	Jul-19	Jun-19	Aug-19	Jul-19	Jun-19
Fifth District Manufacturing Index[3]	1	-12	2	--	--	--
Shipments	5	-13	5	18	32	23
Volume of New Orders	2	-18	-2	31	36	27
Backlog of Orders	-9	-26	-3	12	8	7
Capacity Utilization	-3	-24	-4	8	24	17
Vendor Lead Time	6	1	9	4	1	6
Local Business Conditions	-3	-18	7	12	25	11
Capital Expenditures	9	7	18	14	19	28
Finished Goods Inventories	10	17	19	5	8	1
Raw Materials Inventories	21	22	25	6	5	1
Equipment & Software Spending	18	6	16	18	18	28
Services Expenditures	2	2	2	0	1	11
Employment						
Number of Employees	-6	-3	4	5	13	12
Wages	22	20	25	45	44	52
Availability of Skills Needed	-16	-19	-18	-15	-21	-26
Average Workweek	4	-9	1	-4	3	6
Price Trends[4]						
Prices Paid	2.69	3.04	1.89	2.28	2.33	2.50
Prices Received	1.66	2.49	1.88	1.60	1.85	1.87

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 70 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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