

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

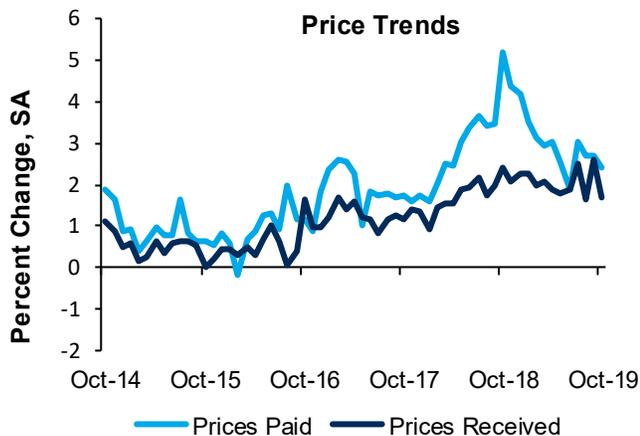
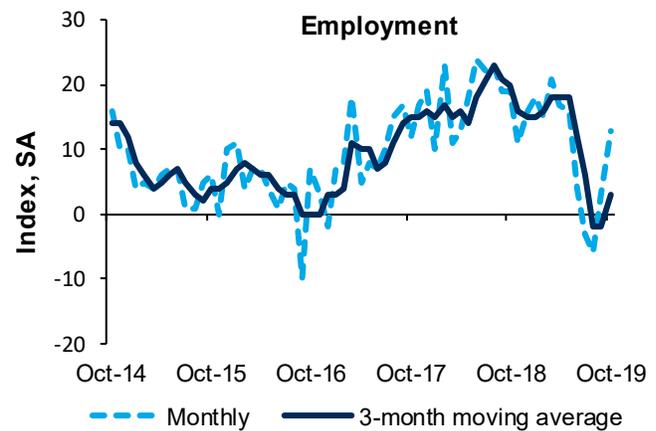
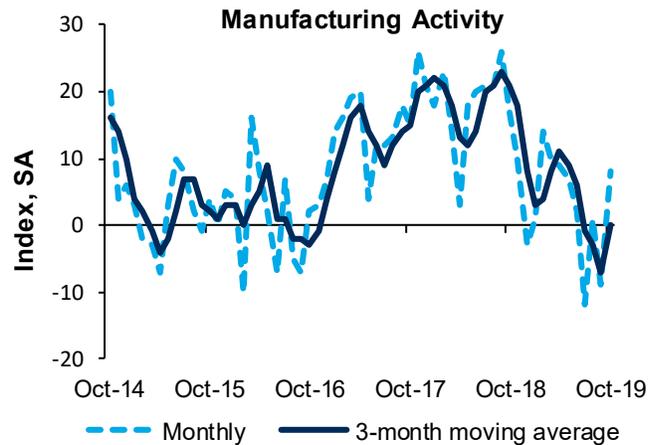
October 22, 2019

Manufacturing Activity Strengthened in October

Fifth District manufacturing activity strengthened in October, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index rose from -9 in September to 8 in October, as all three components—shipments, new orders, and employment—increased. Manufacturing firms also reported an increase in backlog of orders and improved local business conditions. Respondents were optimistic that conditions would continue to improve in the next six months.

Many survey respondents saw growth in employment and wages in October and expected continued growth in the near term. However, manufacturers still struggled to find workers with the necessary skills in October and expected this difficulty to persist in the coming months.

Growth rates of both prices paid and prices received by manufacturing firms fell in October, as growth of prices paid continued to outpace that of prices received. Survey participants expected the pace of growth of both prices paid and prices received to slow further in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Oct-19	Sep-19	Aug-19	Oct-19	Sep-19	Aug-19
Fifth District Manufacturing Index ³	8	-9	1	--	--	--
Shipments	4	-14	5	24	15	18
Volume of New Orders	7	-14	2	33	22	31
Backlog of Orders	6	-11	-9	6	12	12
Capacity Utilization	7	-11	-3	27	21	8
Vendor Lead Time	-3	7	6	4	5	4
Local Business Conditions	4	-15	-3	12	5	12
Capital Expenditures	0	7	9	7	19	14
Finished Goods Inventories	5	13	10	4	-1	5
Raw Materials Inventories	19	24	21	7	7	6
Equipment & Software Spending	7	18	18	4	21	18
Services Expenditures	-3	-2	2	5	1	0
Employment						
Number of Employees	13	3	-6	20	16	5
Wages	15	24	22	54	56	45
Availability of Skills Needed	-6	-8	-16	-5	-17	-15
Average Workweek	10	-10	4	15	8	-4
Price Trends⁴						
Prices Paid	2.40	2.68	2.69	2.33	2.10	2.28
Prices Received	1.71	2.59	1.66	1.38	1.42	1.60

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 58 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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