

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

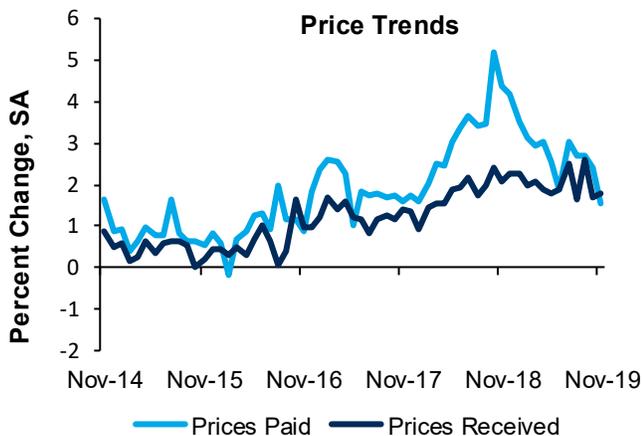
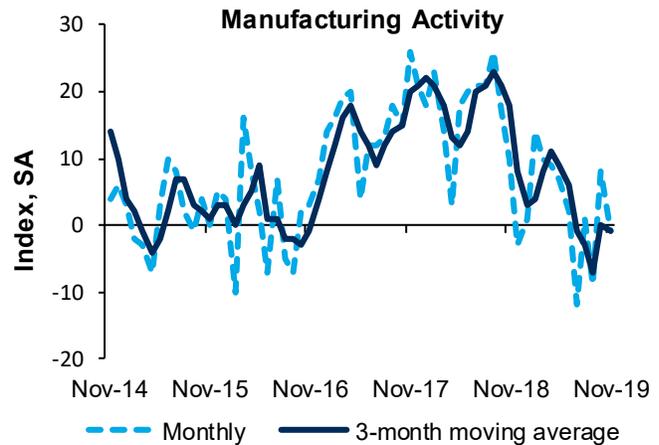
November 26, 2019

### Manufacturing Activity Softened in November

Fifth District manufacturing activity softened in November, according to the most recent survey from the Richmond Fed. The composite index fell from 8 in October to -1 in November, weighed down by negative readings for shipments and new orders, while the third component — employment — declined but remained positive. Manufacturing firms also reported a drop in backlog of orders, but the indicator for local business conditions held fairly steady. Survey respondents were optimistic that conditions would improve in the coming months.

Survey results suggested modest employment growth and rising wages in November. However, firms continued to struggle to find workers with the necessary skills. Respondents expected this struggle to persist and employment and wages to continue to grow in the near future.

The average growth rate of prices paid by manufacturing firms slowed in November, while that of prices received accelerated slightly, with the result that growth of prices received outpaced that of prices paid for the first time since September 2017. However, firms expected growth of prices paid to rise and prices received to fall in the next six months.



# Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

November 26, 2019

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

Business Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Nov-19	Oct-19	Sep-19	Nov-19	Oct-19	Sep-19
Fifth District Manufacturing Index <sup>3</sup>	-1	8	-9	--	--	--
Shipments	-2	4	-14	31	24	15
Volume of New Orders	-3	7	-14	30	33	22
Backlog of Orders	-11	6	-11	16	6	12
Capacity Utilization	2	7	-11	31	27	21
Vendor Lead Time	1	-3	7	7	4	5
Local Business Conditions	5	4	-15	16	12	5
Capital Expenditures	1	0	7	4	7	19
Finished Goods Inventories	15	5	13	3	4	-1
Raw Materials Inventories	20	19	24	6	7	7
Equipment & Software Spending	6	7	18	-8	4	21
Services Expenditures	-2	-3	-2	1	5	1
<b>Employment</b>						
Number of Employees	5	13	3	13	20	16
Wages	24	15	24	62	54	56
Availability of Skills Needed	-18	-6	-8	-15	-5	-17
Average Workweek	3	10	-10	5	15	8
<b>Price Trends<sup>4</sup></b>						
Prices Paid	1.55	2.40	2.68	1.73	2.33	2.10
Prices Received	1.80	1.71	2.59	1.48	1.38	1.42

### 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 58 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.

For more information contact Roisin McCord at 804.697.8702 or [Rich.RegionalSurveyTeam@rich.frb.org](mailto:Rich.RegionalSurveyTeam@rich.frb.org)