

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

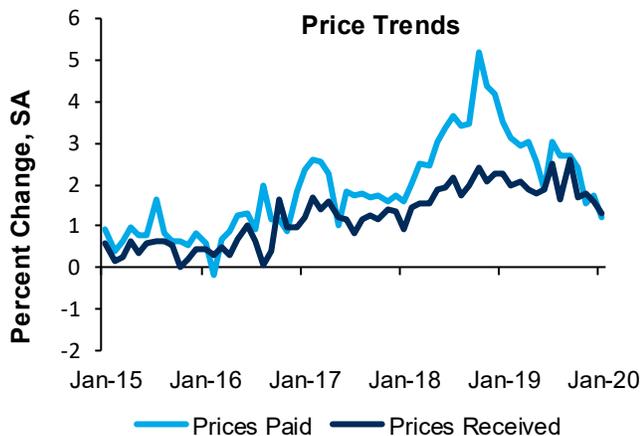
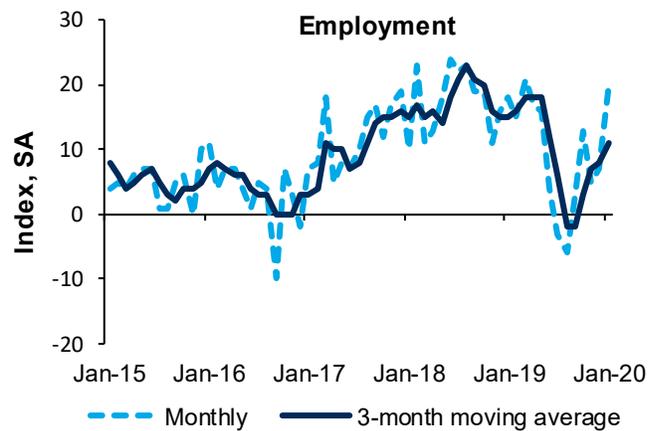
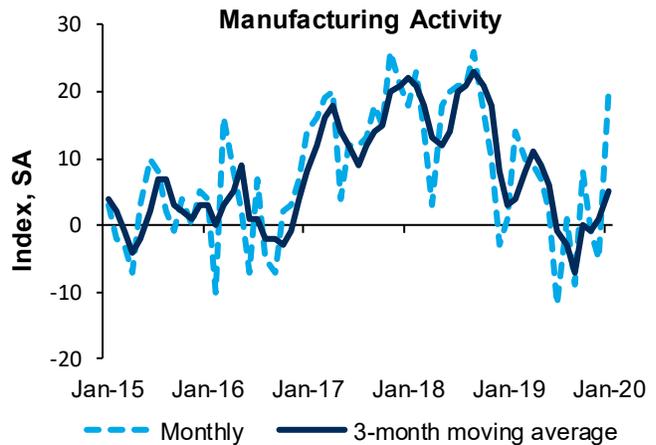
January 28, 2020

Manufacturing Activity Rebounded in January

Fifth District manufacturing activity rebounded in January, according to the most recent survey from the Richmond Fed. The composite index rose from -5 in December to 20 in January, as all three components—shipments, new orders, and employment—increased. Local business conditions also improved as this index saw its largest increase since February 2013. Manufacturers were optimistic that conditions would continue to strengthen in the coming months.

Survey results indicate that both employment and wages rose for survey participants in January. However, firms continued to struggle to find workers with the necessary skills. They expected this difficulty to persist but wages and employment to continue to grow in the next six months.

The average growth rates of both price paid and prices received by survey respondents fell in January. Growth of prices received outpaced that of prices paid, but firms expect the growth rate of prices paid to rise and that of prices received to fall in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Jan-20	Dec-19	Nov-19	Jan-20	Dec-19	Nov-19
Fifth District Manufacturing Index ³	20	-5	-1	--	--	--
Shipments	29	-6	-2	41	38	31
Volume of New Orders	13	-13	-3	37	29	30
Backlog of Orders	9	-11	-11	19	8	16
Capacity Utilization	14	-12	2	37	28	31
Vendor Lead Time	9	6	1	0	1	7
Local Business Conditions	16	-6	5	14	27	16
Capital Expenditures	15	12	1	5	4	4
Finished Goods Inventories	28	22	15	3	3	3
Raw Materials Inventories	37	21	20	8	8	6
Equipment & Software Spending	-1	1	6	10	-7	-8
Services Expenditures	-6	-13	-2	-3	-7	1
Employment						
Number of Employees	20	7	5	19	12	13
Wages	21	29	24	46	46	62
Availability of Skills Needed	-26	-18	-18	-29	-16	-15
Average Workweek	7	-15	3	25	14	5
Price Trends⁴						
Prices Paid	1.21	1.73	1.55	1.51	1.59	1.73
Prices Received	1.31	1.60	1.80	1.29	1.43	1.48

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 46 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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