

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

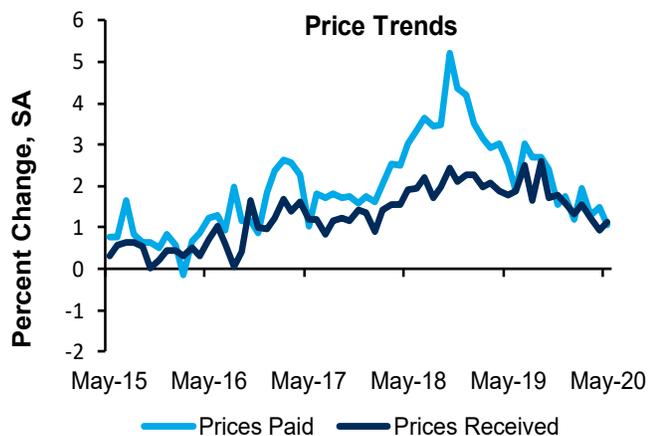
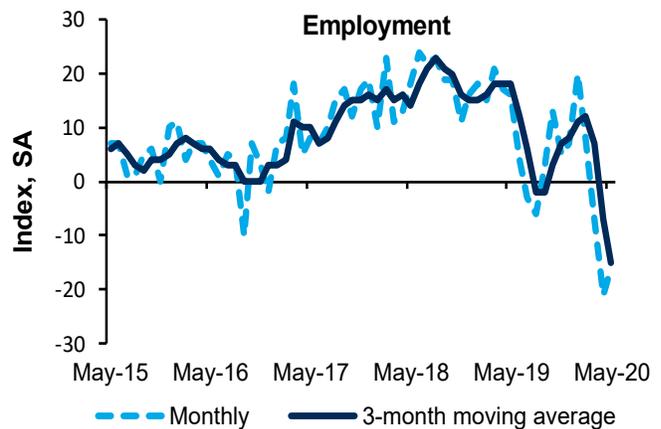
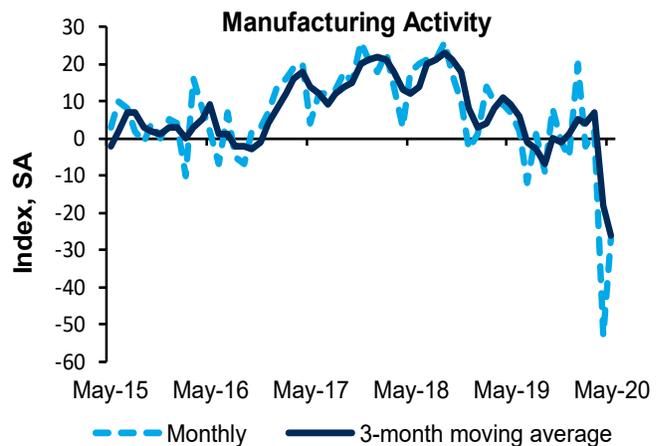
May 27, 2020

Manufacturing Activity Remained Soft in May

Fifth District manufacturing remained soft in May, according to the most recent survey from the Richmond Fed. The composite index rose from a record low of -53 in April to -27 in May, remaining at its lowest level since 2009. All three components—shipments, new orders and employment—were above their April readings but still in contractionary territory. The index for local business conditions was also negative, but contacts expected conditions to improve in the next six months.

Many survey participants reported decreases in employment and the average workweek in May. However, the indexes for wages and the availability of workers with the necessary skills were both close to 0. Respondents expected to see increases in both wages and available skills in the coming months.

On average, growth of prices paid by manufacturing firms slowed in May, while that of prices received accelerated. The average growth rate of prices received surpassed that of prices paid. Contacts expected the growth rates of both prices paid and prices received to increase in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	May-20	Apr-20	Mar-20	May-20	Apr-20	Mar-20
Fifth District Manufacturing Index ³	-27	-53	2	--	--	--
Shipments	-26	-70	13	10	-7	-19
Volume of New Orders	-35	-61	0	12	-14	-20
Backlog of Orders	-33	-42	-8	-1	-30	-9
Capacity Utilization	-37	-47	-9	2	-12	7
Vendor Lead Time	21	28	29	16	11	15
Local Business Conditions	-42	-87	-15	4	-37	-26
Capital Expenditures	-32	-21	9	-9	-15	11
Finished Goods Inventories	13	19	7	8	9	1
Raw Materials Inventories	17	30	14	2	8	7
Equipment & Software Spending	-17	-22	9	-5	-26	3
Services Expenditures	-28	-30	-10	-22	-28	-10
Employment						
Number of Employees	-16	-21	-7	1	-14	1
Wages	-3	0	20	24	0	36
Availability of Skills Needed	-2	-5	-26	10	12	-12
Average Workweek	-24	-28	3	2	-19	-12
Price Trends⁴						
Prices Paid	1.05	1.48	1.29	1.87	1.93	1.99
Prices Received	1.11	0.92	1.22	1.77	1.04	1.60

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 51 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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