

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

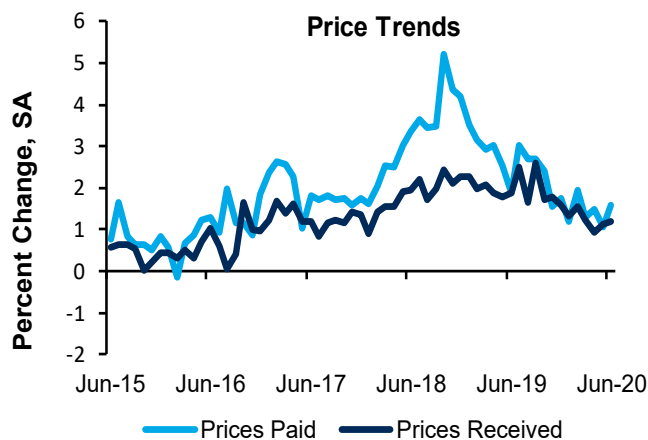
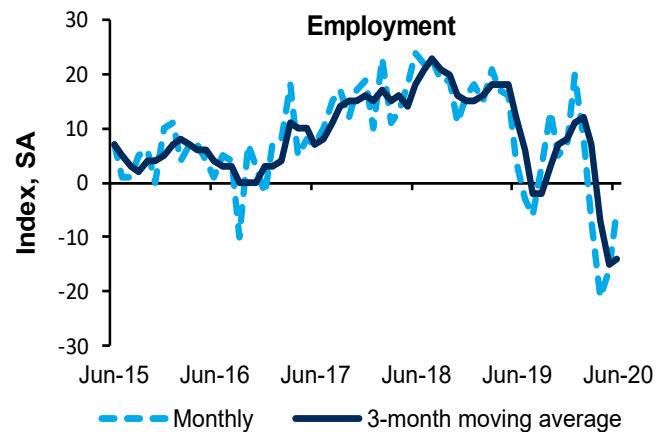
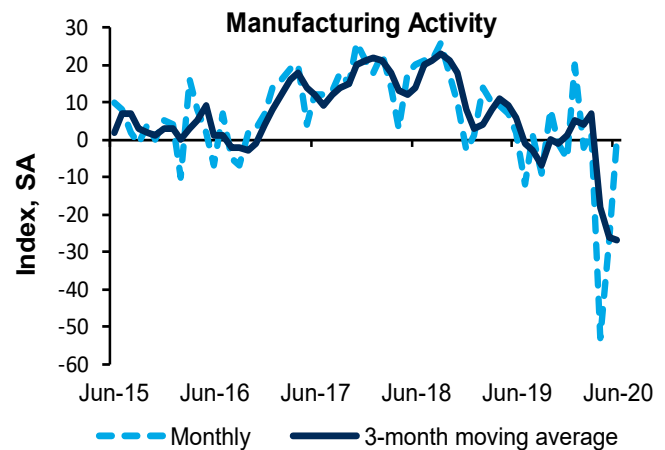
June 23, 2020

Manufacturing Activity Held Fairly Steady in June

Fifth District manufacturing held fairly steady in June, according to the most recent survey from the Richmond Fed. The composite index rose from -27 in May to 0 in June, as shipments were relatively flat, more firms reported increases in new orders, and firms generally reported continued declines in employment. The index for local business conditions rose notably in June, indicating optimism among firms after three months of some of the most negative readings on record for that series. Manufacturers were also optimistic, overall, that conditions would improve in the next six months.

Survey results suggested that some manufacturing firms saw decreased employment in June. Meanwhile, wages, the average workweek, and availability of skills appeared fairly flat, on the whole. Survey respondents expected employment, wages, and the average workweek to increase in the coming months.

The average growth rates of both prices paid and prices received by survey participants increased in June, with growth of prices paid outpacing that of prices received. Firms expected price growth to continue to rise in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Jun-20	May-20	Apr-20	Jun-20	May-20	Apr-20
Fifth District Manufacturing Index ³	0	-27	-53	--	--	--
Shipments	-1	-26	-70	51	10	-7
Volume of New Orders	5	-35	-61	46	12	-14
Backlog of Orders	-12	-33	-42	27	-1	-30
Capacity Utilization	2	-37	-47	52	2	-12
Vendor Lead Time	8	21	28	-6	16	11
Local Business Conditions	5	-42	-87	55	4	-37
Capital Expenditures	-13	-32	-21	11	-9	-15
Finished Goods Inventories	9	13	19	3	8	9
Raw Materials Inventories	17	17	30	2	2	8
Equipment & Software Spending	-10	-17	-22	5	-5	-26
Services Expenditures	-25	-28	-30	-5	-22	-28
Employment						
Number of Employees	-5	-16	-21	23	1	-14
Wages	1	-3	0	34	24	0
Availability of Skills Needed	-2	-2	-5	1	10	12
Average Workweek	1	-24	-28	26	2	-19
Price Trends⁴						
Prices Paid	1.59	1.05	1.48	2.36	1.87	1.93
Prices Received	1.19	1.11	0.92	1.58	1.77	1.04

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 62 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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