

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

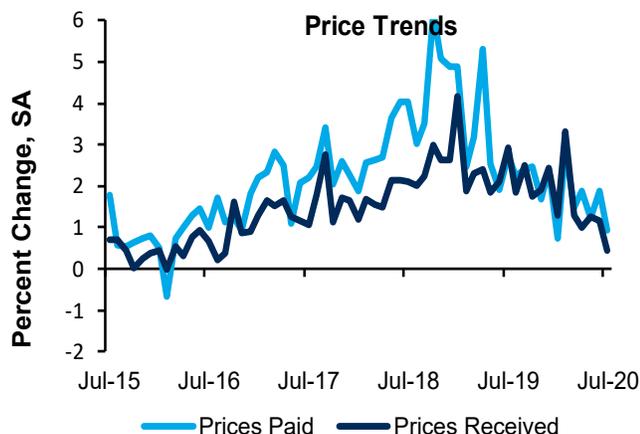
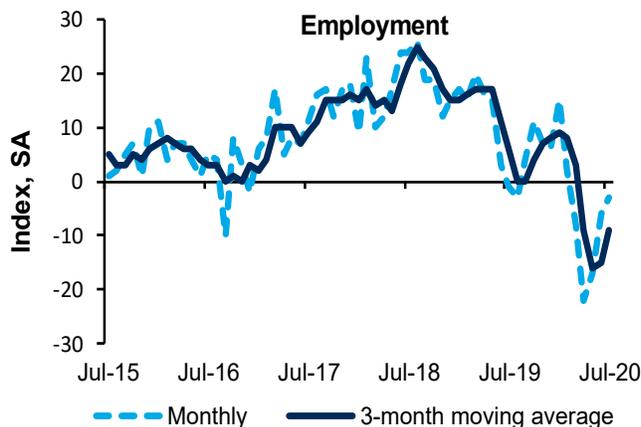
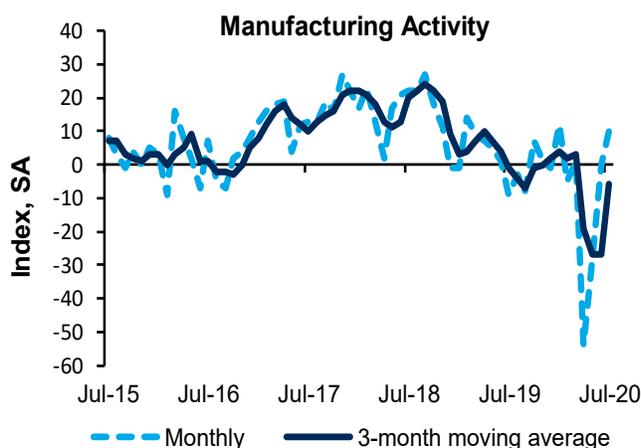
July 28, 2020

Manufacturing Showed Signs of Recovery in July

Manufacturing in the Fifth District showed signs of recovery in July, according to the most recent survey from the Richmond Fed. The composite index rose from 0 in June to 10 in July, its first positive reading since March, buoyed by increases in all three components. The indexes for shipments and new orders suggested expansion, while the third component index—employment—remained slightly negative. The local business conditions index rose further, suggesting some improvement in sentiment. Survey respondents were optimistic that conditions would improve in the next six months.

Survey results suggest that some firms saw continued decreases in employment in July, as this index remained negative, despite reaching its highest value since February. Many firms also reported increased wages. Respondents expected employment and wages to rise in the coming months.

On average, survey respondents saw decreases in the growth rates of both prices paid and prices received but expected growth to rise in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Jul-20	Jun-20	May-20	Jul-20	Jun-20	May-20
Fifth District Manufacturing Index ³	10	0	-28	--	--	--
Shipments	23	-4	-28	57	51	10
Volume of New Orders	9	7	-36	48	47	14
Backlog of Orders	5	-14	-33	29	28	-1
Capacity Utilization	20	2	-38	46	53	3
Vendor Lead Time	12	7	22	19	-6	17
Local Business Conditions	10	2	-44	44	55	3
Capital Expenditures	-15	-15	-34	8	8	-11
Finished Goods Inventories	8	9	12	6	2	8
Raw Materials Inventories	12	17	17	-2	3	2
Equipment & Software Spending	-8	-11	-17	14	2	-8
Services Expenditures	-23	-25	-29	-6	-7	-23
Employment						
Number of Employees	-3	-6	-17	28	23	2
Wages	12	-1	-2	41	34	25
Availability of Skills Needed	3	-2	-3	1	1	10
Average Workweek	8	1	-25	15	27	3
Price Trends⁴						
Prices Paid	0.93	1.87	1.22	1.97	2.23	1.94
Prices Received	0.45	1.16	1.26	2.07	1.68	1.77

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 56 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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