

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

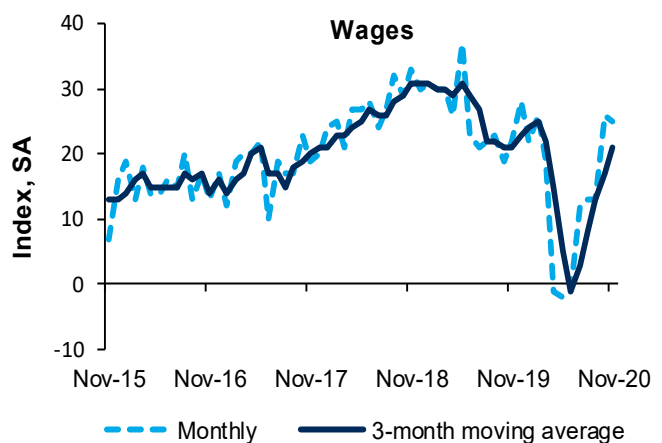
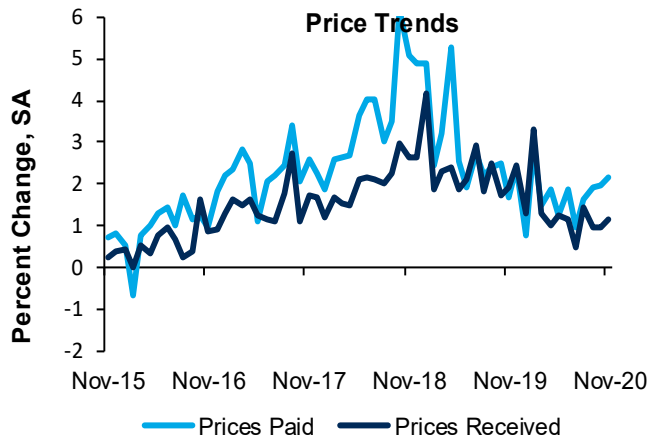
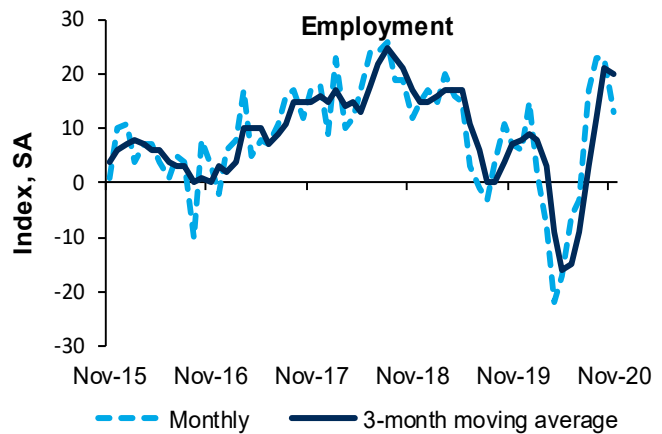
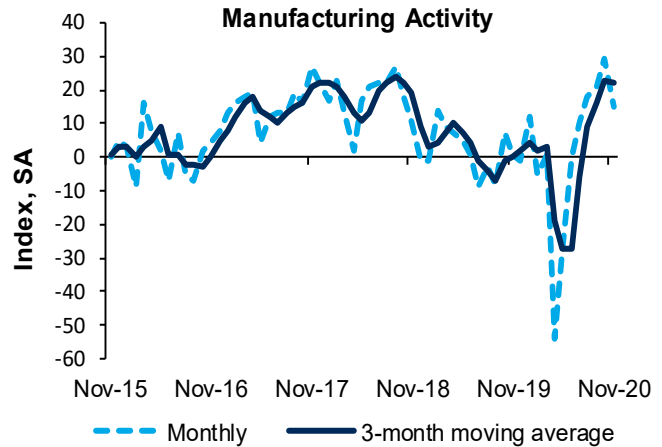
November 24, 2020

### Manufacturing Reports Were Broadly Positive in November

Reports from Fifth District manufacturers were broadly positive in November, according to the most recent survey from the Richmond Fed. The composite fell from 29 in October to 15 in November, but remained firmly in expansionary territory, as all three component indexes—shipments, new orders, and employment—had positive readings. Manufacturers reported improvement in local business conditions, but the spending indexes softened somewhat. Survey participants were optimistic about the future, expecting growth to continue in the coming months.

Survey results suggested that employment and wages grew for many contacts in November, but businesses struggled to find workers with the necessary skills. Contacts expected this difficulty to continue, and for employment and wages to grow, in the next six months.

The average growth rates of both prices paid and prices received by survey respondents increased in November. Average growth of prices paid continued to outpace that of prices received, and firms expected price growth to continue in the near future.



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

Business Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Nov-20	Oct-20	Sep-20	Nov-20	Oct-20	Sep-20
Fifth District Manufacturing Index <sup>3</sup>	15	29	21	--	--	--
Shipments	20	30	13	34	34	51
Volume of New Orders	12	32	27	33	24	45
Backlog of Orders	11	14	15	15	9	18
Capacity Utilization	14	26	21	29	22	43
Vendor Lead Time	17	26	27	10	-1	10
Local Business Conditions	21	30	24	29	37	52
Capital Expenditures	-1	13	20	18	22	35
Finished Goods Inventories	-7	-2	1	-3	7	1
Raw Materials Inventories	-1	-4	-2	3	3	-4
Equipment & Software Spending	2	13	6	20	14	20
Services Expenditures	0	0	0	4	-5	-7
<b>Employment</b>						
Number of Employees	13	23	23	31	23	47
Wages	25	26	13	32	46	51
Availability of Skills Needed	-19	-18	-20	-21	-13	-3
Average Workweek	9	23	21	10	4	15
<b>Price Trends<sup>4</sup></b>						
Prices Paid	2.18	1.97	1.91	2.36	1.83	2.16
Prices Received	1.14	0.96	0.93	1.60	1.32	1.36

#### 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 67 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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