

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

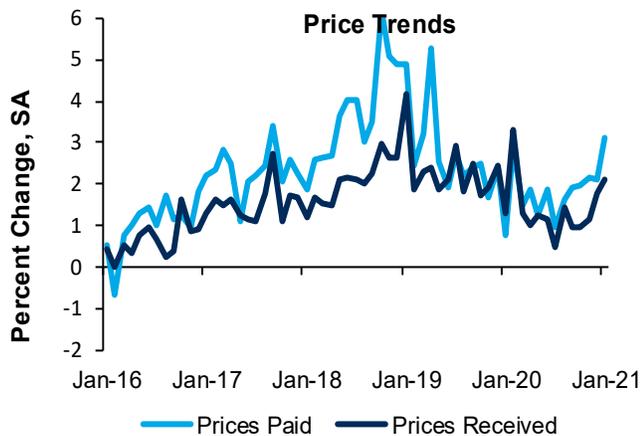
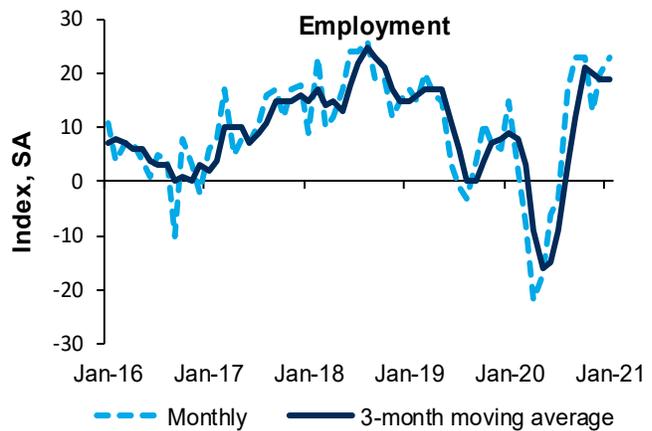
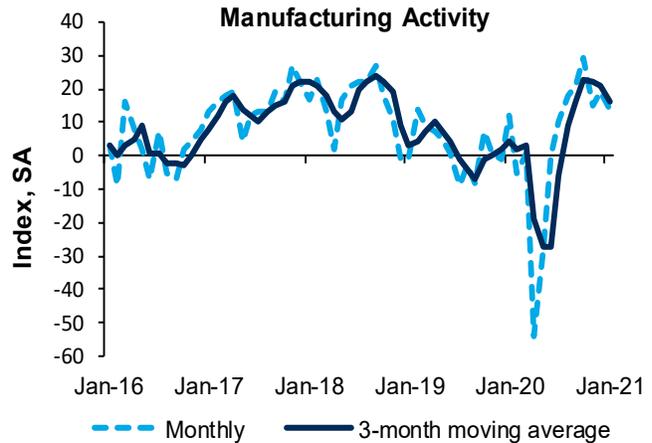
January 26, 2021

### Manufacturing Showed Signs of Growth in January

The Fifth District manufacturing sector showed signs of growth in January, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index fell from 19 in December to 14 in January but remained in expansionary territory, as did all three of its component indexes—shipments, new orders, and employment. Manufacturers reported lengthening vendor lead times, as this index rose to 39, its highest reading since January 1996. Overall, manufacturers were optimistic that conditions would continue to improve in the coming months.

Survey results indicated that many manufacturers increased employment and wages in January. However, respondents struggled to find workers with the necessary skills. Firms expected this difficulty to persist but employment and wages to rise in the next six months.

The average growth rates of both prices paid and prices received by survey participants increased in January, as growth of prices paid continued to outpace that of prices received. Respondents expected this trend to continue in the near future.



# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

January 26, 2021

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

Business Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Jan-21	Dec-20	Nov-20	Jan-21	Dec-20	Nov-20
Fifth District Manufacturing Index <sup>3</sup>	14	19	15	--	--	--
Shipments	10	12	20	25	31	34
Volume of New Orders	12	24	12	26	23	33
Backlog of Orders	6	17	11	3	7	15
Capacity Utilization	4	15	14	22	15	29
Vendor Lead Time	39	31	17	19	14	10
Local Business Conditions	10	4	21	16	26	29
Capital Expenditures	5	8	-1	9	33	18
Finished Goods Inventories	-6	7	-7	-6	1	-3
Raw Materials Inventories	4	5	-1	-1	-3	3
Equipment & Software Spending	-5	4	2	8	22	20
Services Expenditures	-8	-1	0	0	13	4
<b>Employment</b>						
Number of Employees	23	20	13	34	30	31
Wages	21	32	25	49	44	32
Availability of Skills Needed	-24	-14	-19	-23	-21	-21
Average Workweek	10	16	9	3	16	10
<b>Price Trends<sup>4</sup></b>						
Prices Paid	3.11	2.10	2.18	3.06	2.76	2.36
Prices Received	2.09	1.76	1.14	2.16	2.03	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 75 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.

For more information contact Roisin McCord at 804.697.8702 or [Rich.RegionalSurveyTeam@rich.frb.org](mailto:Rich.RegionalSurveyTeam@rich.frb.org)