

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

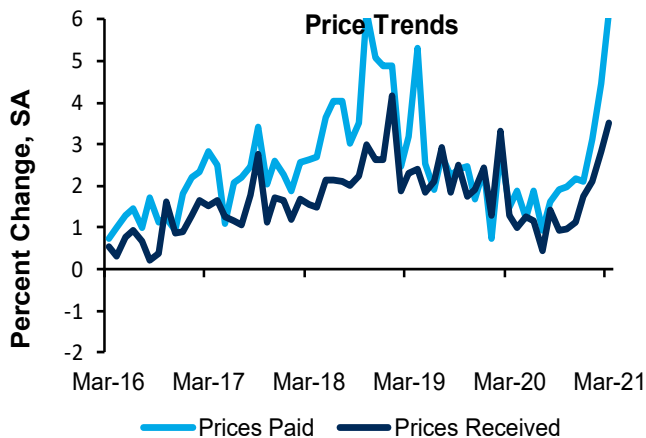
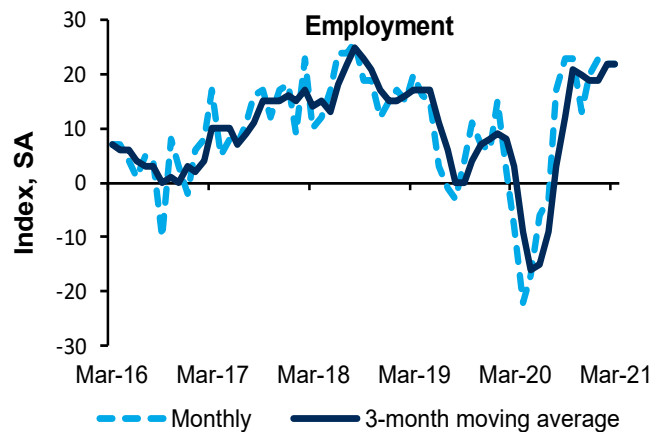
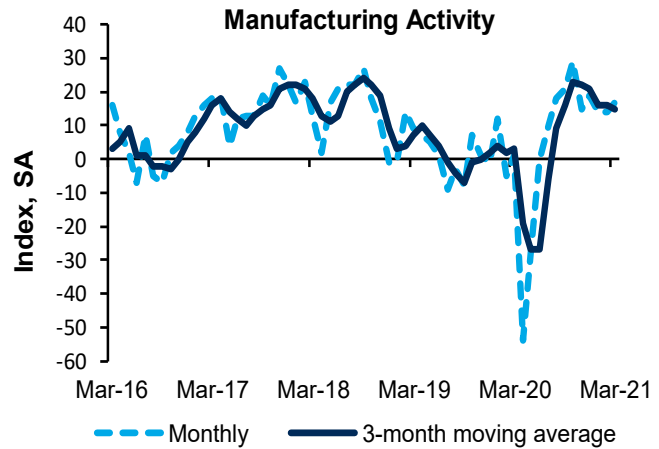
March 23, 2021

Manufacturing Activity Grew in March

Fifth District manufacturing activity expanded in March, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index rose from 14 in February to 17 in March, driven by a sharp increase in the shipments index while the other two components—new orders and employment—held steady. Businesses reported lengthened vendor lead times, as this index rose from 46 in February to 61 in March, breaking a 25-year-record for the third month in a row. Survey respondents were optimistic that conditions would continue to improve in the coming months.

Survey results suggested that manufacturers increased employment and wages in March. However, finding workers with the necessary skills remained difficult. Survey participants expected these trends to continue in the next six months.

The average growth rates of both prices paid and prices received by survey participants increased in March, as growth of prices paid continued to outpace that of prices received. Contacts expected the gap to narrow in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Mar-21	Feb-21	Jan-21	Mar-21	Feb-21	Jan-21
Fifth District Manufacturing Index ³	17	14	14	--	--	--
Shipments	22	12	10	28	22	25
Volume of New Orders	10	10	12	24	15	26
Backlog of Orders	11	18	6	3	-3	3
Capacity Utilization	14	13	4	21	18	22
Vendor Lead Time	61	46	39	14	11	19
Local Business Conditions	20	5	10	32	20	16
Capital Expenditures	15	9	5	22	21	9
Finished Goods Inventories	-8	-3	-6	-7	0	-6
Raw Materials Inventories	-14	-8	4	-9	-1	-1
Equipment & Software Spending	15	5	-5	15	12	8
Services Expenditures	4	-2	-8	11	6	0
Employment						
Number of Employees	22	22	23	34	36	34
Wages	26	32	21	57	49	49
Availability of Skills Needed	-19	-28	-24	-16	-19	-23
Average Workweek	13	18	10	12	7	3
Price Trends⁴						
Prices Paid	6.15	4.47	3.11	4.66	3.78	3.06
Prices Received	3.52	2.83	2.09	3.57	2.98	2.16

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.

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