

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

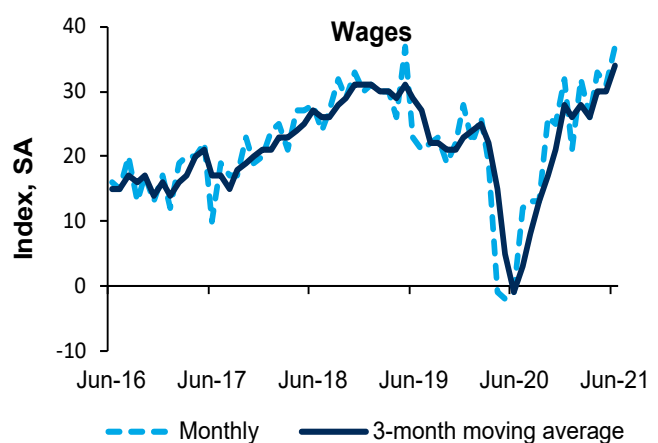
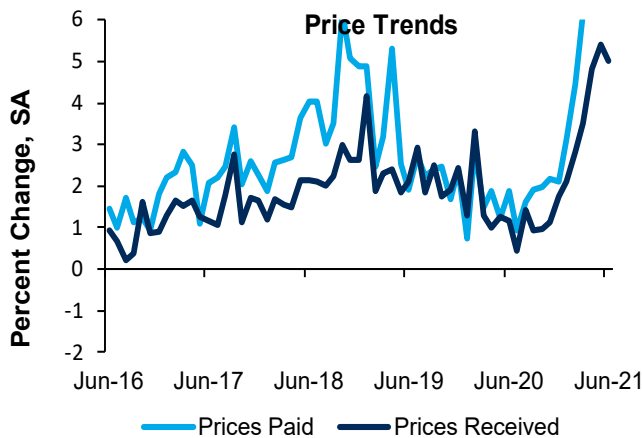
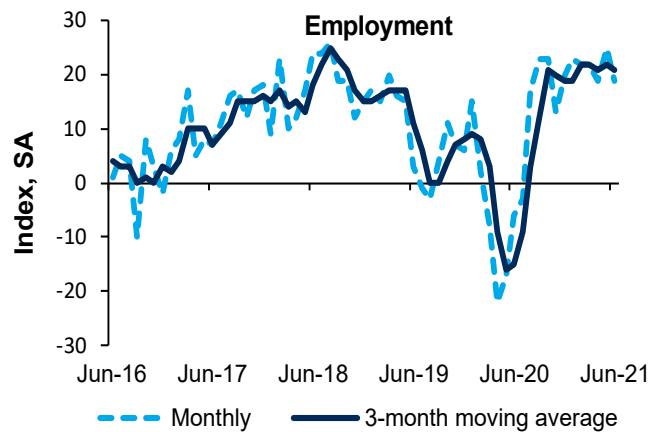
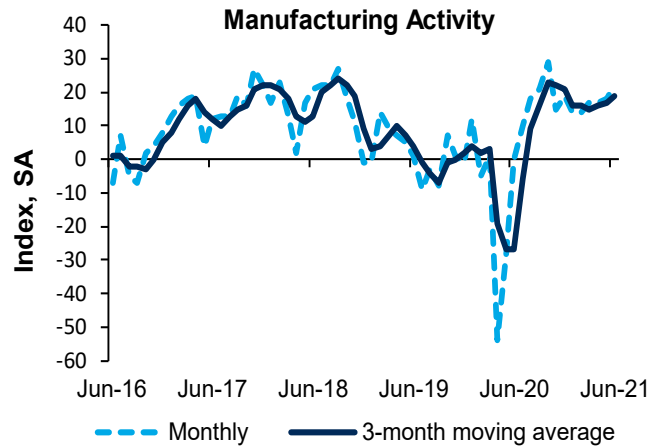
June 22, 2021

Manufacturing Activity Expanded in June

Fifth District manufacturing activity expanded in June, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index rose from 18 in May to 22 in June. This was driven by an increase in the new orders index, while the other two component indexes—shipments and employment—also remained in expansionary territory. Manufacturers continued to report shrinking inventories, growing order backlogs, and lengthening vendor lead times. Overall, respondents saw improvement in local business conditions and were optimistic that conditions would continue to improve in the coming months.

Survey results indicated that many manufacturers increased employment and wages in June and expected further increases in the next six months. Firms struggled to find workers with the necessary skills, a difficulty that manufacturers expected to continue.

The average growth rates of both prices paid and prices received by survey participants declined slightly but remained elevated in June. Contacts expected price growth to slow in the near future.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Jun-21	May-21	Apr-21	Jun-21	May-21	Apr-21
Fifth District Manufacturing Index ³	22	18	17	--	--	--
Shipments	8	12	16	50	39	39
Volume of New Orders	35	18	16	38	38	38
Backlog of Orders	22	36	28	10	24	13
Capacity Utilization	5	10	15	35	41	30
Vendor Lead Time	64	69	61	30	48	26
Local Business Conditions	22	16	15	39	43	44
Capital Expenditures	12	16	12	37	42	38
Finished Goods Inventories	-17	-6	-12	-7	-11	-9
Raw Materials Inventories	-13	-22	-16	-13	-30	-16
Equipment & Software Spending	16	19	11	34	31	30
Services Expenditures	7	1	2	3	11	2
Employment						
Number of Employees	19	25	19	51	44	39
Wages	37	31	33	66	64	62
Availability of Skills Needed	-35	-44	-24	-15	-30	-22
Average Workweek	10	17	20	20	15	14
Price Trends⁴						
Prices Paid	9.42	9.82	7.11	5.19	6.71	4.67
Prices Received	5.00	5.41	4.83	4.80	4.81	3.49

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 73-76 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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