

# Regional Surveys of Business Activity

## Fifth District Survey of Manufacturing Activity

July 25, 2023

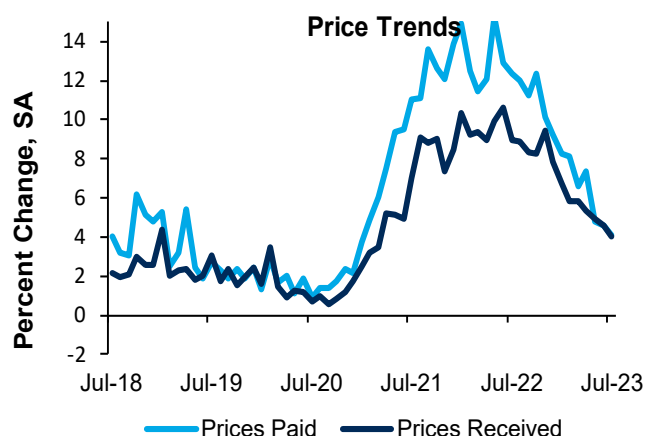
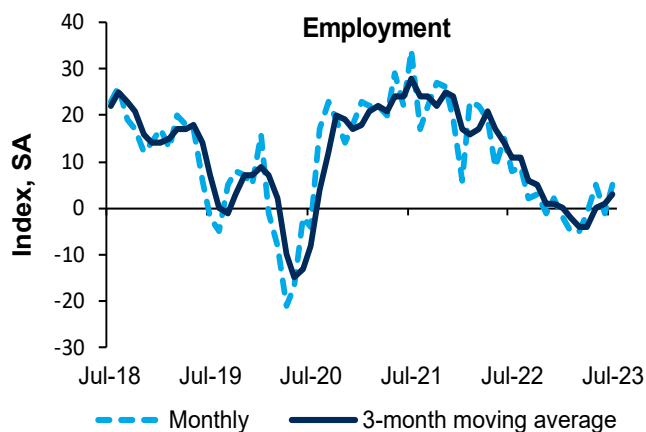
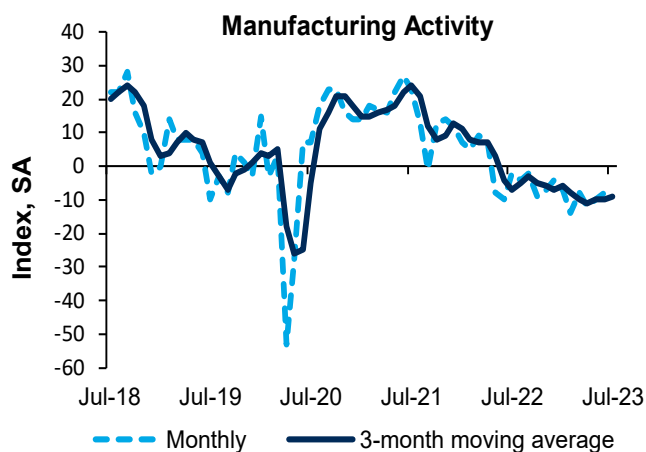
### *Manufacturing Activity Remained Sluggish in July*

Fifth District manufacturing activity remained sluggish in July, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index edged down from -8 in June to -9 in July. Two of its three component indexes—shipments and new orders—also fell slightly. The shipments index edged down from -5 in June to -6 in July, while the new orders index fell from -16 to -20. The employment index, however, rose from -1 in June to 5 in July.

Firms remained somewhat pessimistic about local business conditions, as the index registered -9 in July. The index for future local business conditions edged downward but remained positive.

Many firms continued to report reductions in orders backlogs and vendor lead time as these indexes remained negative. Meanwhile, two of the three spending indexes increased slightly.

The average growth rates of prices paid and prices received decreased somewhat in July. Firms expect both growth rates to moderate over the next 12 months.



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### Business Activity Indexes<sup>1,4,5</sup>

Business Sector Indicators	Current Conditions			Expectations <sup>2</sup>		
	Jul-23	Jun-23	May-23	Jul-23	Jun-23	May-23
Fifth District Manufacturing Index <sup>3</sup>	-9	-8	-10	--	--	--
Shipments	-6	-5	-6	14	19	10
Volume of New Orders	-20	-16	-24	9	13	4
Backlog of Orders	-28	-27	-30	-20	-12	-15
Capacity Utilization	-7	-7	-12	6	10	5
Vendor Lead Time	-8	-18	-19	-12	-16	-23
Local Business Conditions	-9	-10	-19	1	3	-9
Capital Expenditures	8	5	-9	12	13	8
Finished Goods Inventories	8	20	12	11	6	3
Raw Materials Inventories	12	22	21	7	11	9
Equipment & Software Spending	7	8	1	12	4	7
Services Expenditures	-2	-5	-6	-2	-9	-8
<b>Employment</b>						
Number of Employees	5	-1	5	9	10	12
Wages	19	17	19	40	40	43
Availability of Skills Needed	-12	-4	-6	-2	-4	4
<b>Price Trends<sup>4</sup></b>						
Prices Paid	4.07	4.56	4.81	2.89	2.77	3.45
Prices Received	4.01	4.56	4.91	2.33	1.87	1.37

#### 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 73-78 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.
- Current price changes are percentage changes over the last 12 months. Expected price changes are expected changes over the next 12 months.
- Seasonal adjustment factors are recalculated every July and the entire series is revised to better reflect current economic trends.

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