

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

February 27, 2024

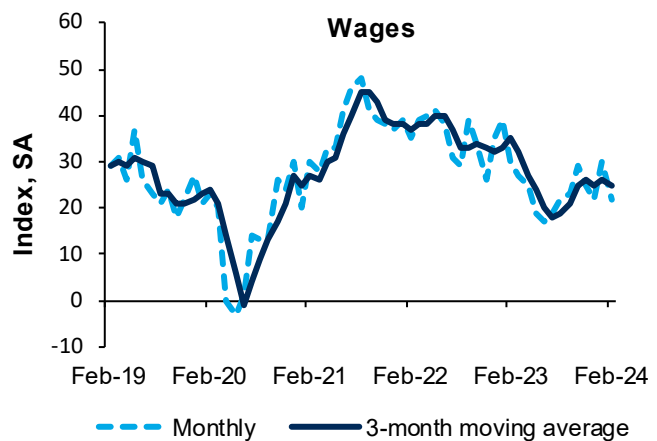
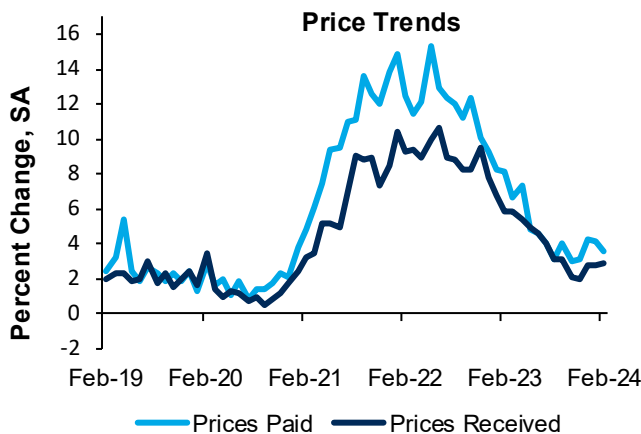
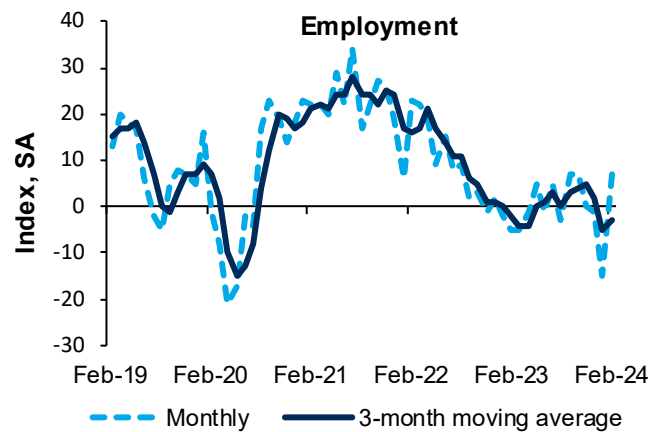
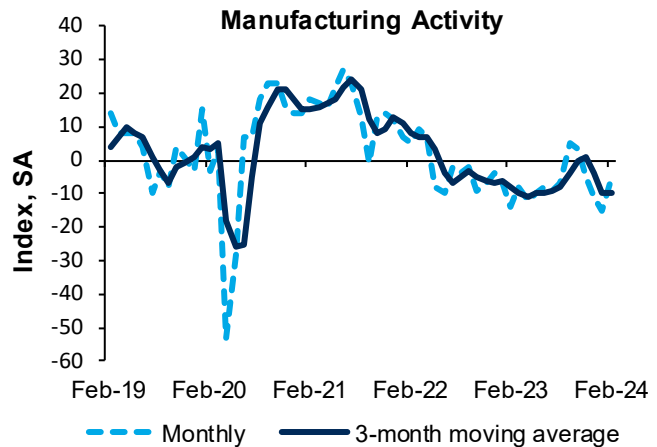
Manufacturing Activity Was Flat in February

Fifth District manufacturing activity was flat in February, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index increased from -15 in January to -5 in February. Of its three component indexes, shipments remained solidly negative at -15, new orders increased from -16 to -5, and employment rose notably, from -15 to 7.

Firms were slightly more optimistic about local business conditions, as the index increased to 1. The index for future local business conditions edged up from 0 in January to 3 in February.

Most firms continued to report declining backlogs as the index remained negative. The vendor lead time index increased from -3 to 4 in February. The capacity utilization index rebounded notably from last month, increasing from -27 to -4 in February.

The average growth rate of prices paid decreased in February, while the average growth rate of prices received was nearly unchanged. Firms expect both growth rates to moderate over the next 12 months.



Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

February 27, 2024

Business Activity Indexes^{1,4,5}

Business Sector Indicators	Current Conditions			Expectations ²		
	Feb-24	Jan-24	Dec-23	Feb-24	Jan-24	Dec-23
Fifth District Manufacturing Index ³	-5	-15	-11	--	--	--
Shipments	-15	-15	-17	22	10	9
Volume of New Orders	-5	-16	-14	22	20	8
Backlog of Orders	-15	-23	-17	-1	-10	-13
Capacity Utilization	-4	-27	-8	15	6	5
Vendor Lead Time	4	-3	1	4	-6	-12
Local Business Conditions	1	-8	-12	3	0	-5
Capital Expenditures	-7	0	-4	-5	9	10
Finished Goods Inventories	14	22	15	5	10	1
Raw Materials Inventories	16	12	15	6	10	7
Equipment & Software Spending	0	4	-1	-3	10	19
Services Expenditures	-11	-12	-2	-17	-11	-8
Employment						
Number of Employees	7	-15	-1	12	9	6
Wages	22	30	22	43	48	44
Availability of Skills Needed	-6	-3	0	4	0	4
Price Trends⁴						
Prices Paid	3.52	4.19	4.24	3.03	3.21	3.24
Prices Received	2.85	2.80	2.79	2.08	1.38	2.31

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 76-82 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.

For more information contact Jason Kosakow at 571.287.0448 or Rich.RegionalSurveyTeam@rich.frb.org