

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

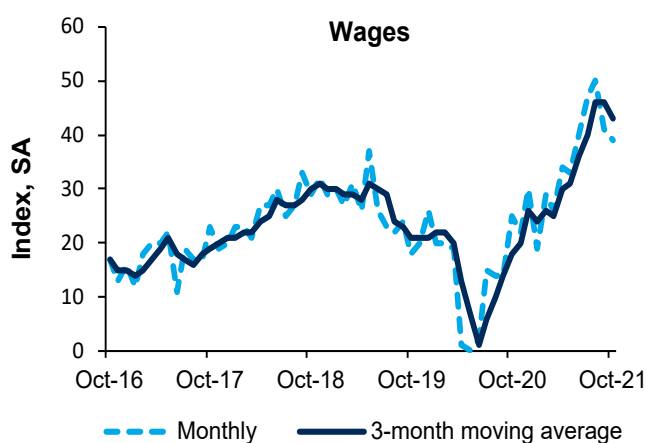
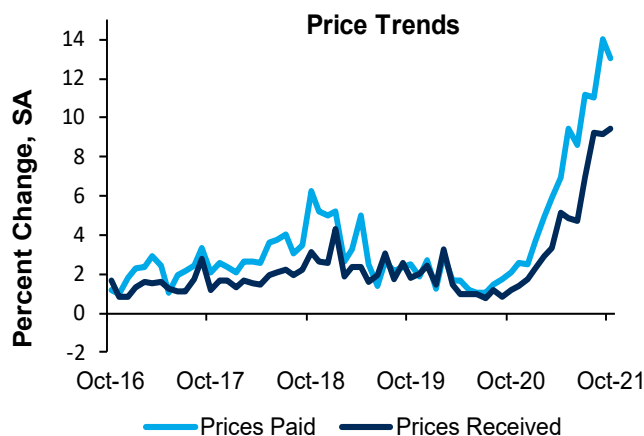
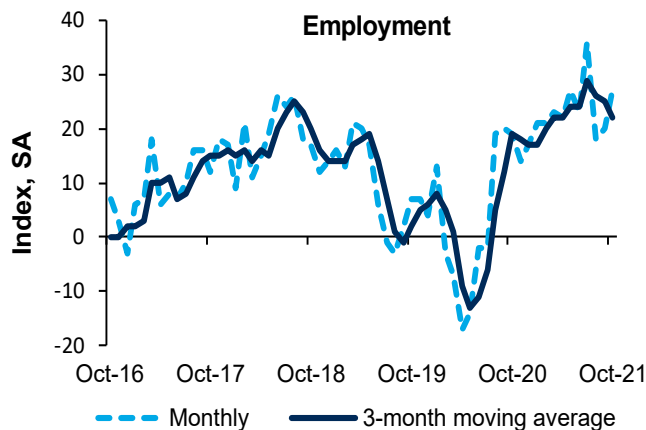
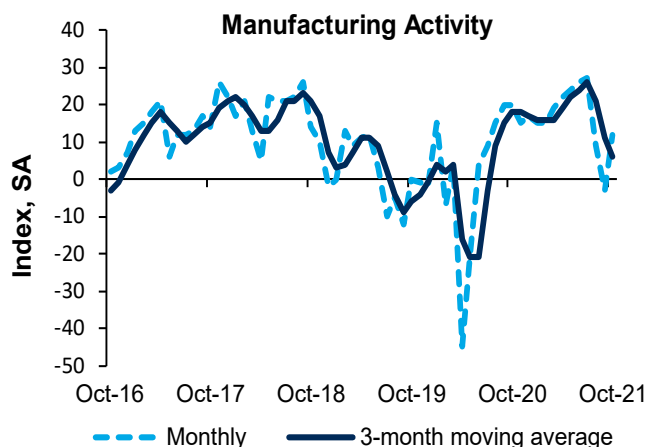
October 26, 2021

Manufacturing Activity Strengthened in October

Fifth District manufacturing activity strengthened in October, according to the most recent survey from the Richmond Fed. The composite index rose from -3 in September to 12 in October, as all three component indexes—shipments, new orders, and employment—increased. Backlogs of orders and lead times indexes continued to grow, as the vendor lead time index hit its highest value on record. Firms also reported that inventories of both finished goods and raw materials remained too low. Manufacturers were optimistic that conditions would improve in the coming months but expected inventories to remain low for some time.

Survey results indicate that many manufacturing firms increased employment and wages in October but finding workers with the necessary skills was difficult. Respondents expected this challenge to continue but employment and wages to grow further in the next six months.

The average growth rate of prices paid by survey participants decreased in October, while that of prices received increased. Respondents expected growth of both prices paid and prices received to slow over the next year.



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Business Activity Indexes^{1,4}

Business Sector Indicators	Current Conditions			Expectations ²		
	Oct-21	Sep-21	Aug-21	Oct-21	Sep-21	Aug-21
Fifth District Manufacturing Index ³	12	-3	9	--	--	--
Shipments	1	-1	6	33	40	36
Volume of New Orders	10	-19	5	27	24	24
Backlog of Orders	19	12	9	8	5	4
Capacity Utilization	2	-5	6	29	38	29
Vendor Lead Time	67	59	61	36	27	29
Local Business Conditions	-4	-8	-12	12	17	21
Capital Expenditures	17	10	16	38	35	30
Finished Goods Inventories	-11	-14	-10	-14	-21	-13
Raw Materials Inventories	-21	-19	-14	-21	-24	-20
Equipment & Software Spending	21	22	16	26	25	29
Services Expenditures	7	6	3	12	10	0
Employment						
Number of Employees	27	20	18	45	52	39
Wages	39	41	50	70	72	66
Availability of Skills Needed	-20	-23	-36	-5	-7	-22
Average Workweek	9	3	11	11	21	13
Price Trends⁴						
Prices Paid	13.04	14.01	11.05	6.49	6.24	6.20
Prices Received	9.42	9.13	9.25	5.73	5.82	5.03

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 80-84 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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