

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

January 23, 2024

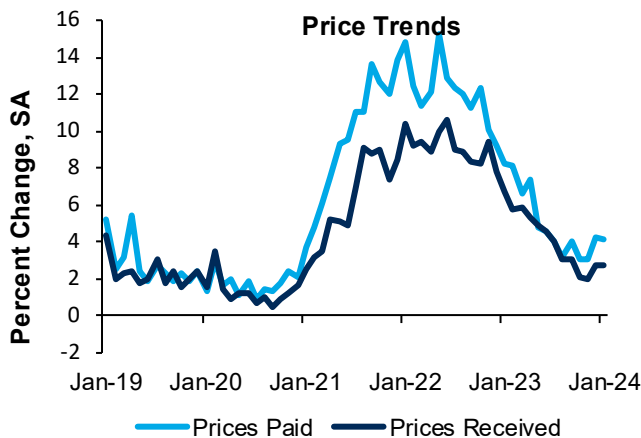
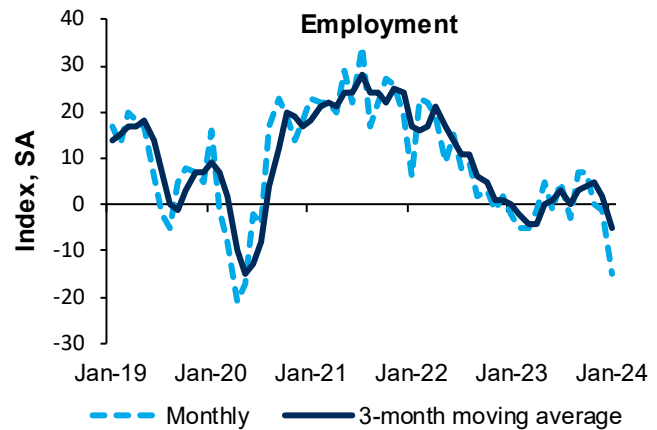
Manufacturing Activity Was Sluggish in January

Fifth District manufacturing activity remained sluggish in January, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index decreased from -11 in December to -15 in January. Of its three component indexes, shipments edged up from -17 to -15, new orders edged down from -14 to -16, and employment fell notably, from -1 to -15.

Firms remained somewhat pessimistic about local business conditions, as the index increased slightly but remained in negative territory. The index for future local business conditions increased from -5 in December to 0 in January.

Most firms continued to report declining backlogs as the index remained negative. The vendor lead time index decreased from 1 to -3 in January. The capacity utilization index fell from -8 to -27 in January, with about one-third of respondents reporting a decline in capacity utilization since December. However, the corresponding expectations index changed little from last month.

The average growth rates of prices paid and prices received were nearly unchanged in January. Firms expect both growth rates to moderate over the next 12 months.



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Business Activity Indexes^{1,4,5}

Business Sector Indicators	Current Conditions			Expectations ²		
	Jan-24	Dec-23	Nov-23	Jan-24	Dec-23	Nov-23
Fifth District Manufacturing Index ³	-15	-11	-5	--	--	--
Shipments	-15	-17	-8	10	9	-1
Volume of New Orders	-16	-14	-5	20	8	6
Backlog of Orders	-23	-17	-23	-10	-13	-16
Capacity Utilization	-27	-8	-5	6	5	12
Vendor Lead Time	-3	1	-4	-6	-12	-12
Local Business Conditions	-8	-12	-14	0	-5	-5
Capital Expenditures	0	-4	5	9	10	10
Finished Goods Inventories	22	15	23	10	1	10
Raw Materials Inventories	12	15	18	10	7	12
Equipment & Software Spending	4	-1	-4	10	19	9
Services Expenditures	-12	-2	0	-11	-8	-7
Employment						
Number of Employees	-15	-1	0	9	6	16
Wages	30	22	25	48	44	50
Availability of Skills Needed	-3	0	6	0	4	11
Price Trends⁴						
Prices Paid	4.19	4.24	3.08	3.21	3.24	2.91
Prices Received	2.80	2.79	1.97	1.38	2.31	2.07

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 80-87 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