



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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CONTACT: Sarah Dickson

(405) 270-8401

Sarah.Dickson@kc.frb.org

**Tenth District Manufacturing Activity Remained Mostly Steady in May**  
*Federal Reserve Bank of Kansas City Releases May Manufacturing Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the May Manufacturing Survey today. According to Chad Wilkerson, senior vice president at the Federal Reserve Bank of Kansas City, the survey revealed that Tenth District manufacturing activity remained mostly steady, and expectations for future activity also stayed flat.

“Regional factory activity was largely unchanged in May,” said Wilkerson. “Prices cooled significantly over the last month and year and are expected to cool further.”

A summary of the survey is attached. Historical data, results from past surveys, and release dates for future surveys can be found at <https://kansascityfed.org/surveys/manufacturing-survey/>.

The Federal Reserve Bank of Kansas City serves the Tenth Federal Reserve District, encompassing the western third of Missouri; all of Kansas, Colorado, Nebraska, Oklahoma and Wyoming; and the northern half of New Mexico. As part of the nation’s central bank, the Bank participates in setting national monetary policy, supervising and regulating numerous commercial banks and bank holding companies, and providing financial services to depository institutions. More information is available online at [www.kansascityfed.org](http://www.kansascityfed.org).

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## **TENTH DISTRICT MANUFACTURING SUMMARY**

Tenth District manufacturing activity remained mostly steady in May, while expectations for future activity also stayed flat (Chart 1, Tables 1 & 2). Prices for raw materials have cooled significantly and prices for finished goods also eased somewhat over the last month and last year. Prices are expected to cool further in the next six months.

### **Factory Activity Remained Mostly Steady**

The month-over-month composite index was -1 in May, up from -10 in April and down from 0 in March (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The increase from last month was driven by both durable and non-durable goods, especially by paper, primary metal, and miscellaneous durable goods manufacturing. Month-over-month indexes were mixed. The production, volume of shipments, volume of new orders, number of employees, and finished goods inventories indexes all increased closer to their March levels after a significant decline in April. The average employee workweek and new orders indexes decreased slightly over the last month. All year-over-year indexes increased or stayed close to their April levels, with the exception of the price indexes which cooled. The future composite index was modestly positive, at 2. Most indexes of expectations for activity in six months remained similar to last month, except for increases in new orders and backlog of orders and cooling in the price indexes.

### **Special Questions**

This month contacts were asked special questions about prices and input costs. Compared to last year, a majority of firms expect their materials costs, selling prices, and wages to rise at a similar or slower rate next year (Chart 2). Additionally, District firms have varying abilities to pass through higher costs to customers (Chart 3).

## **Selected Manufacturing Comments**

“Our customers cannot absorb the rising cost quickly enough for us to pass through the price increases. The market is simply too volatile.”

“See some stabilization and even softening of the underlying commodities.”

“Wages increases are expected to slow, however additional regional adjustments will be necessary to keep pace with local markets.”

“Currently sales are brisk and salesforce doing a good job.”

“Concerns around general economic conditions are increasing.”

“Still a grind to find entry level employees.”

“Labor availability is becoming slightly better, quality is not good. Supply chain is way better than 6 months to a year ago.”

“Business seems to be slowing a bit.”

**Table 1. Summary of Tenth District Manufacturing Conditions, May 2023**

Plant Level Indicators	May vs. April (percent)*					May vs. Year Ago (percent)*					Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index <sup>A</sup>	SA Index <sup>AA</sup>	Increase	No Change	Decrease	Diff Index <sup>A</sup>	Increase	No Change	Decrease	Diff Index <sup>A</sup>	SA Index <sup>AA</sup>	
Composite Index				2	-1				6				0	2	
Production	26	49	24	2	-2	40	20	40	0	38	35	27	11	13	
Volume of shipments	29	45	26	3	-1	39	20	41	-2	35	37	28	7	9	
Volume of new orders	23	46	32	-9	-14	39	25	36	3	32	35	34	-2	3	
Backlog of orders	17	45	38	-21	-25	34	27	39	-5	21	45	34	-13	-10	
Number of employees	25	58	17	8	7	43	26	30	13	30	49	21	10	11	
Average employee workweek	13	71	16	-3	-4	25	48	27	-2	15	70	15	0	-2	
Prices received for finished product	22	73	5	16	16	68	17	14	54	33	54	13	20	17	
Prices paid for raw materials	30	60	10	21	16	67	5	27	40	38	45	17	21	21	
Capital expenditures						37	40	23	14	27	50	23	4	9	
New orders for exports	1	84	15	-14	-15	16	69	15	1	15	78	7	8	6	
Supplier delivery time	11	77	12	-1	1	26	40	34	-8	18	63	18	0	2	
Inventories: Materials	26	55	18	8	4	45	32	23	22	19	45	36	-18	-17	
Inventories: Finished goods	21	62	17	4	1	32	49	19	13	17	56	28	-11	-10	

\*Percentage may not add to 100 due to rounding.

<sup>A</sup>Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

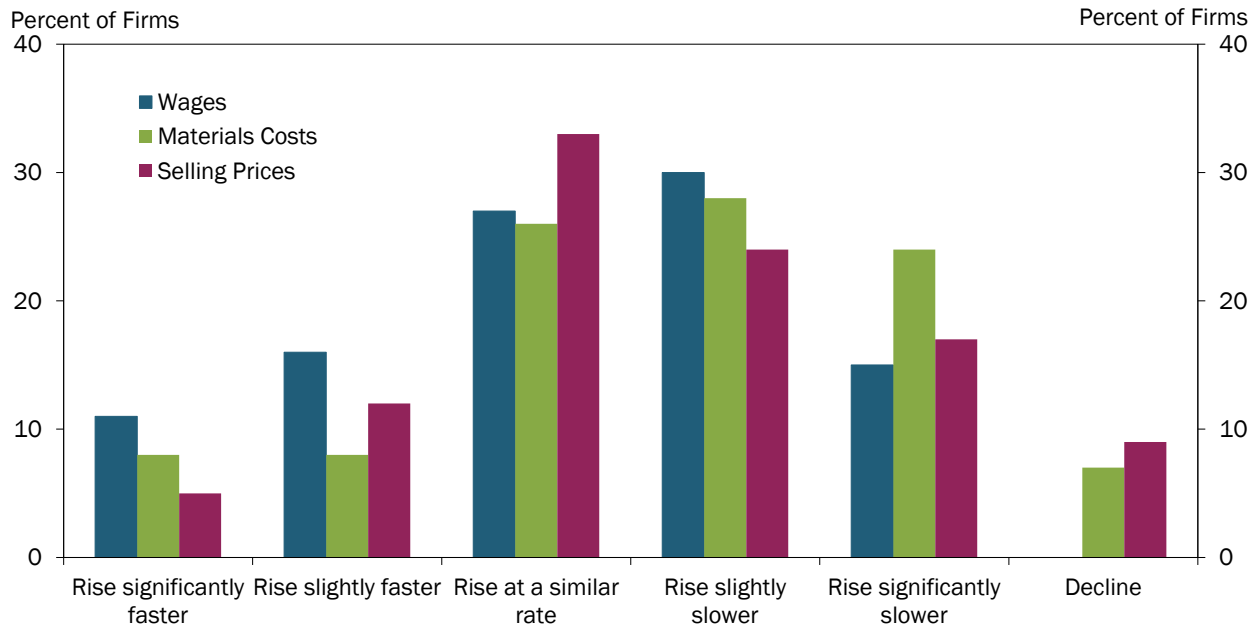
<sup>AA</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The May survey was open for a five-day period from May 17-22, 2023 and included 92 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

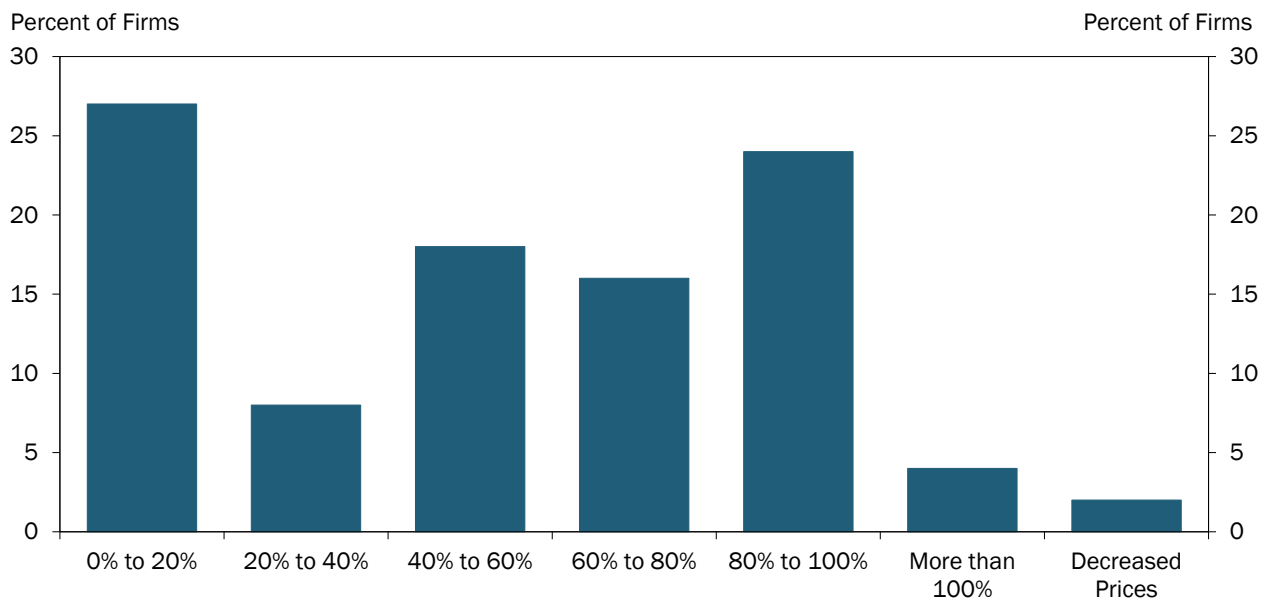
**Chart 1. Manufacturing Composite Indexes**



**Chart 2. Special Question: Over the next year, what are your expectations for prices at your firm compared to the past 12 months?**



**Chart 3. Special Question: If your firm is facing higher costs (inputs and labor), what share of those increases are you able to pass through to customers in the form of higher prices?**



**Table 2**  
**Historical Manufacturing Survey Indexes**

	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23
<b>Versus a Month Ago</b> (seasonally adjusted)													
Composite Index	21	11	13	5	4	-2	-2	-4	-1	0	0	-10	-1
Production	15	0	6	-6	4	-14	-4	-6	-4	-9	3	-21	-2
Volume of shipments	13	-1	7	-8	3	-11	0	2	1	-13	6	-13	-1
Volume of new orders	12	-5	0	-11	-6	-10	-10	-15	-8	-6	-13	-21	-14
Backlog of orders	16	-3	1	-5	-2	-12	-16	-16	-17	-22	-18	-26	-25
Number of employees	32	17	16	11	10	5	6	4	4	11	18	-1	7
Average employee workweek	11	7	5	-7	17	1	7	0	-8	-13	-10	1	-4
Prices received for finished product	43	49	35	28	27	18	19	15	16	17	13	21	16
Prices paid for raw materials	67	66	42	40	42	29	25	18	20	26	30	32	16
Capital expenditures	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New orders for exports	6	2	0	-2	-1	-3	-7	-2	-15	-5	3	-13	-15
Supplier delivery time	30	24	22	21	3	2	-8	-3	-1	2	-6	-3	1
Inventories: Materials	18	21	20	10	8	5	6	-2	4	1	-1	-3	4
Inventories: Finished goods	1	7	-3	-2	-6	2	12	-2	-6	-11	2	-13	1
<b>Versus a Year Ago</b> (not seasonally adjusted)													
Composite Index	54	35	46	36	30	24	19	15	4	5	6	-2	6
Production	52	25	43	23	28	23	16	14	2	1	0	-1	0
Volume of shipments	51	29	40	23	34	27	21	17	1	0	7	0	-2
Volume of new orders	53	30	37	25	24	16	5	4	-1	-1	-4	-11	3
Backlog of orders	44	20	33	39	39	16	5	2	-4	1	-4	-13	-5
Number of employees	44	39	44	37	30	23	20	20	9	4	24	8	13
Average employee workweek	19	22	19	3	23	12	15	7	9	-3	-2	-5	-2
Prices received for finished product	90	87	78	79	78	71	75	73	58	70	72	63	54
Prices paid for raw materials	95	93	87	79	88	78	73	74	53	59	57	52	40
Capital expenditures	30	21	27	23	24	10	11	12	10	0	5	15	14
New orders for exports	9	10	4	3	5	4	4	3	-14	3	-3	-8	1
Supplier delivery time	67	44	53	46	28	22	19	12	-6	0	-3	-24	-8
Inventories: Materials	53	38	53	51	39	35	37	27	16	19	14	19	22
Inventories: Finished goods	28	19	10	13	10	14	18	15	5	1	0	1	13
<b>Expected in Six Months</b> (seasonally adjusted)													
Composite Index	28	9	26	12	11	3	4	6	3	1	3	3	2
Production	36	11	28	23	17	6	13	22	10	13	13	14	13
Volume of shipments	31	12	35	30	19	9	14	16	7	3	11	9	9
Volume of new orders	26	10	23	12	11	-11	2	4	4	-2	3	3	3
Backlog of orders	16	-3	12	0	12	-12	-10	-12	-10	-19	-22	-19	-10
Number of employees	37	26	44	21	20	16	14	11	28	14	15	13	11
Average employee workweek	19	7	11	2	11	1	6	-3	-4	0	-1	-1	-2
Prices received for finished product	65	65	44	53	51	46	40	37	29	40	41	37	17
Prices paid for raw materials	66	64	59	49	60	40	33	34	27	42	40	40	21
Capital expenditures	23	14	19	29	12	8	5	10	10	-3	5	4	9
New orders for exports	12	11	6	7	1	1	-2	0	-8	4	1	0	6
Supplier delivery time	35	7	20	10	11	0	-13	-2	-8	-11	-11	2	2
Inventories: Materials	7	-9	15	-5	-6	6	3	-6	-19	-8	-7	-17	-17
Inventories: Finished goods	5	-3	-6	-7	-6	-2	5	0	-7	-5	-11	-9	-10