



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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**Tenth District Manufacturing Activity Was Essentially Unchanged 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 was essentially unchanged in May but expectations for future activity grew modestly.

“Regional factory activity was basically flat in May,” said Wilkerson. “Employment levels increased somewhat and many firms expect to increase wages at a similar rate to the past in the year ahead.”

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 was essentially unchanged in May, and expectations for future activity grew modestly. Price growth increased on a month-over-month basis but cooled on a year-over-year basis, and raw materials prices continue to grow at a faster pace than finished product prices (Chart 1, Tables 1 & 2)

### **Factory Activity Was Essentially Unchanged**

The month-over-month composite index was -2 in May, up from -8 in April and -7 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 pace of decline slowed in paper, chemical, and fabricated metal manufacturing while activity expanded in printing, nonmetallic mineral, and furniture manufacturing. The month-over-month indexes were mixed, but most improved from last month. Production was flat and employment grew, while employee workweek, materials inventories, and supplier delivery time declined slightly. The volume of new orders fell at moderate pace, with a reading of -13. The year-over-year composite index for factory activity picked up to -6 from -12, driven mostly by rebounds in inventories and employment. Capital expenditures stayed steady after declining for three consecutive months. The future composite index increased from 2 to 6 in May, as firms anticipate significant increases in production and employment in future months.

### **Special Questions**

This month contacts were asked special questions about their ability to pass through costs to customers. 36% of District firms reported passing through 0-20% of their higher costs to their customers and another 27% report passing through 80-100% (Chart 2). Firms were also asked about their expectations for wage increases. 2% of firms expect wages to rise significantly faster over the next year compared to the past 12 months, 18% expect wages to rise slightly faster, 47% expect them to rise at a similar rate, 31% expect them to rise slightly slower, and 2% expect them to rise significantly slower (Chart 3).

## **Selected Manufacturing Comments**

“Our business has slowed down but returns every now and then, and it's hard to anticipate so we have increased our bar stock because we had the opportunity to buy in volume.”

“Things are slowing down a little more than we would like.”

“The first third of the year has been fruitful and with continued diligence, we expect it to continue. Have work in process for at least three months. On target for a record year.”

“We anticipate costs/commodities to continue to climb. It has been hard to pass through all cost increases, but we will have to be relatively aggressive in passing through cost increases due to margin compression a couple of years ago. Some of that has eased up but we can't really go backwards.”

“While materials prices are increasing, the pressure on bid prices does not allow me to increase, so my margin is lower.”

**Table 1. Summary of Tenth District Manufacturing Conditions, May 2024**

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	-2				-6				5	6
Production	30	46	24	6	-1	36	21	43	-7	39	44	18	21	21
Volume of shipments	37	41	22	15	8	36	23	41	-5	33	47	20	14	15
Volume of new orders	30	34	36	-6	-13	38	18	45	-7	34	45	21	13	18
Backlog of orders	23	39	38	-15	-19	28	30	42	-14	28	40	32	-4	-3
Number of employees	23	67	10	12	9	33	43	24	9	26	62	12	13	14
Average employee workweek	10	76	13	-3	-5	16	60	24	-8	14	75	10	4	2
Prices received for finished product	19	75	6	13	7	54	27	20	34	37	53	10	27	26
Prices paid for raw materials	33	60	7	26	19	59	20	22	37	43	52	5	38	40
Capital expenditures						23	54	24	-1	30	54	16	13	17
New orders for exports	12	83	5	6	7	15	70	15	0	15	79	6	9	5
Supplier delivery time	7	82	10	-3	-3	14	47	38	-24	13	72	16	-3	-7
Inventories: Materials	22	57	22	0	-3	34	33	33	1	16	49	34	-18	-17
Inventories: Finished goods	22	62	16	6	2	30	43	28	2	15	60	26	-11	-11

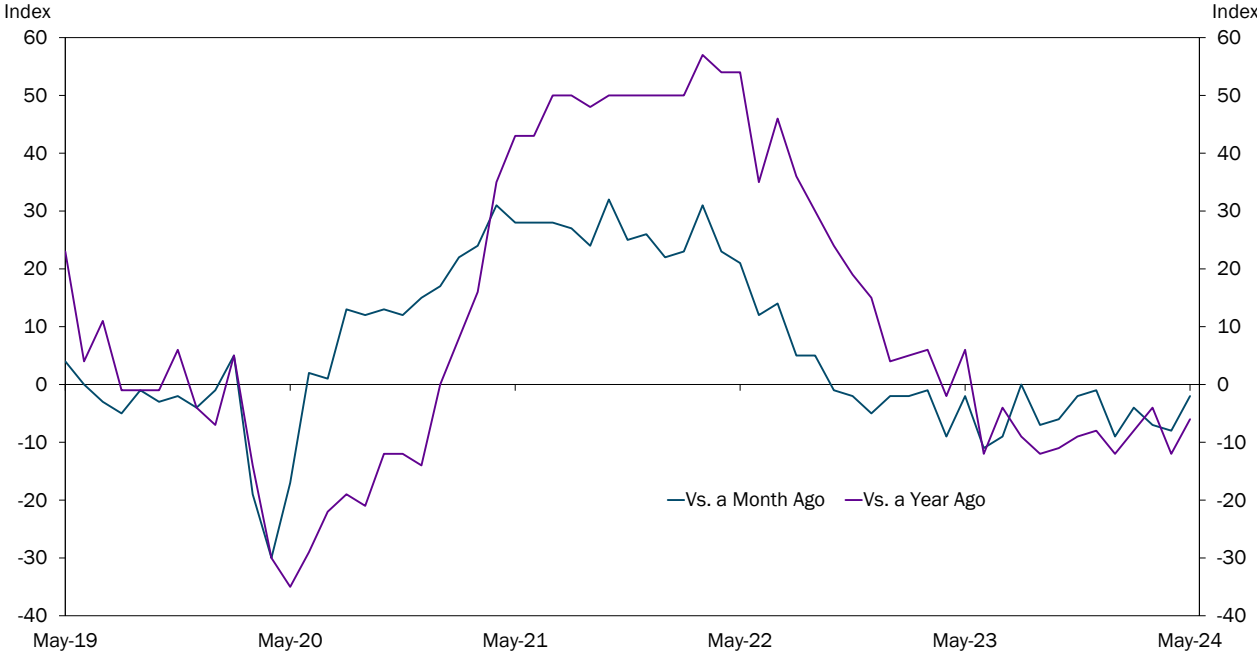
\*Percentage may not add to 100 due to rounding.

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

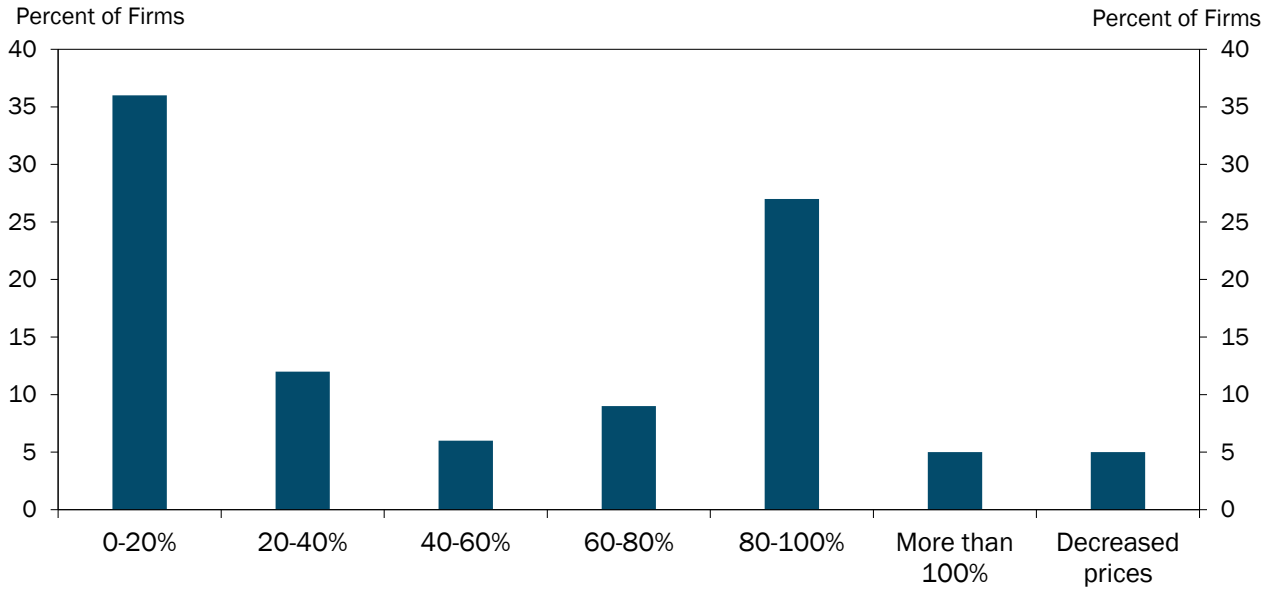
<sup>AA</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The May survey was open for a six-day period from May 15-20, 2024 and included 97 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

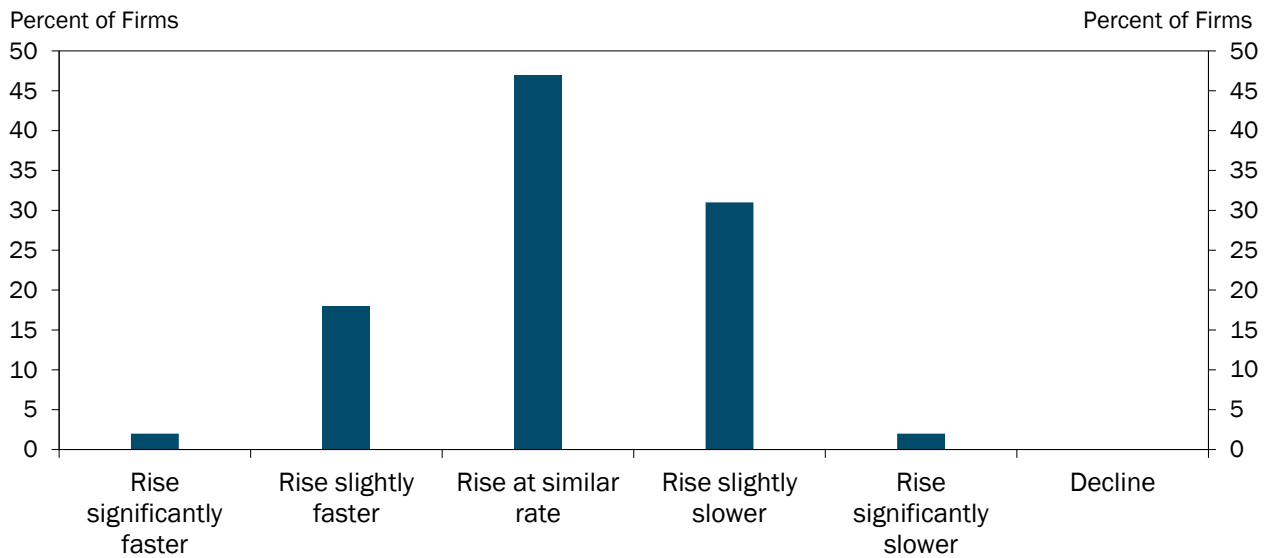
**Chart 1. Manufacturing Composite Indexes**



**Chart 2. 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?**



**Chart 3. Special Question: Over the next year, what are your expectations for wages at your firm compared to the past 12 months?**



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

	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24
<b>Versus a Month Ago</b> (seasonally adjusted)													
Composite Index	-2	-11	-9	0	-7	-6	-2	-1	-9	-4	-7	-8	-2
Production	-4	-8	-18	13	-10	-5	-3	-5	-17	3	-9	-13	-1
Volume of shipments	-3	-3	-20	1	-11	-8	2	-5	-20	6	-5	-11	8
Volume of new orders	-14	-13	-17	-4	-13	-19	-3	-9	-19	-2	-17	-6	-13
Backlog of orders	-23	-16	-36	-13	-22	-14	-13	-8	-24	-13	-27	-18	-19
Number of employees	5	-12	4	2	3	-2	-1	7	-2	8	6	-2	9
Average employee workweek	-5	-9	-19	-6	-3	-1	-5	-2	-6	2	-11	-3	-5
Prices received for finished product	11	4	-4	-3	3	2	0	3	7	-2	5	0	7
Prices paid for raw materials	15	7	10	13	8	2	9	11	24	15	17	18	19
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	-13	-9	-6	-8	-8	-8	-5	-1	-8	-7	3	0	7
Supplier delivery time	-1	-7	-6	-1	-1	-3	-2	1	-1	-12	-3	-5	-3
Inventories: Materials	5	-17	-9	-9	-13	-1	-1	0	-7	-15	-10	-15	-3
Inventories: Finished goods	0	-7	-3	4	-7	-2	-1	2	-2	-8	-7	-3	2
<b>Versus a Year Ago</b> (not seasonally adjusted)													
Composite Index	6	-12	-4	-9	-12	-11	-9	-8	-12	-8	-4	-12	-6
Production	0	-7	3	0	-10	-8	-10	-4	-12	-4	-3	-8	-7
Volume of shipments	-2	-6	2	-3	-14	-3	0	-5	-14	-8	5	-5	-5
Volume of new orders	3	-20	-9	-13	-11	-24	-8	-6	-19	-6	-10	-12	-7
Backlog of orders	-5	-19	-15	-12	-22	-31	-26	-21	-28	-13	-28	-13	-14
Number of employees	13	2	13	-2	1	7	5	6	-2	6	14	-7	9
Average employee workweek	-2	-8	-5	-10	-10	-9	-17	-4	-20	0	-14	-12	-8
Prices received for finished product	54	55	39	40	39	44	42	37	39	37	33	45	34
Prices paid for raw materials	40	33	40	22	17	20	20	18	36	36	39	46	37
Capital expenditures	14	2	14	7	16	6	11	13	1	-4	-2	-6	-1
New orders for exports	1	-5	-1	-15	-13	-13	1	-11	-11	-5	-6	-4	0
Supplier delivery time	-8	-20	-24	-18	-26	-24	-30	-20	-17	-23	-11	-24	-24
Inventories: Materials	22	-14	-4	-10	-13	-6	0	-16	-10	-13	-6	-12	1
Inventories: Finished goods	13	-2	-2	1	-5	-2	-12	-2	-8	-5	3	-4	2
<b>Expected in Six Months</b> (seasonally adjusted)													
Composite Index	1	-1	-1	2	2	2	0	5	11	2	1	2	6
Production	12	14	3	12	6	10	15	13	32	18	18	16	21
Volume of shipments	8	10	0	5	5	13	9	23	30	18	15	5	15
Volume of new orders	3	1	2	7	6	2	9	6	22	1	4	1	18
Backlog of orders	-11	-13	-17	2	-4	-9	-7	0	-2	-4	-19	-12	-3
Number of employees	11	11	16	16	15	13	3	13	5	16	7	7	14
Average employee workweek	-2	-5	2	2	0	4	-9	8	7	-3	-15	-1	2
Prices received for finished product	18	21	18	25	20	16	22	26	25	21	26	26	26
Prices paid for raw materials	23	13	24	28	28	20	29	41	34	26	34	30	40
Capital expenditures	9	13	14	14	9	4	-1	5	2	16	6	3	17
New orders for exports	5	-4	-1	-13	4	0	2	-1	6	-2	0	5	5
Supplier delivery time	-3	-11	-6	-2	-5	-8	-11	-1	-3	-10	-8	-2	-7
Inventories: Materials	-16	-21	-21	-22	-14	-9	-15	-7	-3	-15	-16	-15	-17
Inventories: Finished goods	-11	-15	-14	-13	-13	-12	-9	-12	-6	-18	-5	0	-11