



NEWS RELEASE

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Tenth District Manufacturing Activity Declined Moderately in September
Federal Reserve Bank of Kansas City Releases September Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the September 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 declined further this month, while expectations for future activity stayed positive.

“Regional factory activity fell moderately this month,” said Wilkerson. “The year-over-year composite index reached its lowest level since September 2020, as production and new orders decreased substantially but are expected to increase in the next six months.”

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.

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TENTH DISTRICT MANUFACTURING SUMMARY

Tenth District manufacturing activity declined moderately in September, while expectations for future activity stayed positive. Finished product prices decreased slightly this month after increasing in July, while raw materials prices continue to grow. (Chart 1, Tables 1 & 2)

Factory Activity Declined Moderately

The month-over-month composite index was -8 in September, down from -3 in August and up from -13 in July (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The decline was primarily driven by durable goods, particularly machinery, transportation, nonmetallic mineral, and wood manufacturing. All month-over-month indexes were negative and lower than last month's readings, except the raw materials prices and inventories indexes. Volume of shipments and new orders fell somewhat, while production declined from 6 to -18 and backlogs decreased substantially from -19 to -33. The two employment indexes also declined further. The year-over-year composite index for factory activity declined to its lowest level since September 2020 at -17, driven by declines in production and new orders. The backlog of new orders index decreased from -29 to -36, its lowest level since June 2020. Employment levels decreased moderately while capital expenditures stayed steady with a reading of -1. The future composite index ticked up from 8 to 9, as production and employment are expected to increase substantially.

Special Questions

This month contacts were asked how their current investment in technology will likely impact employment levels over the next year. Most firms (63%) said their technology investment will have no impact on employment, but around a quarter (23%) reported they expect a slight decrease while 11% expect a slight increase and 3% expect a substantial decrease (Chart 2). Firms were also asked if they've seen any change in the flow of job applicants per job opening since last year. 45% of firms reported an increase in the number of job openings, while 32% reported no change, 17% reported a decrease, and 6% have not had any openings (Chart 3).

Selected Manufacturing Comments

“The first 6 months of 2024 saw a significant decrease in bookings. Bookings have begun to recover in the last 3 months, but due to internal lead times, this has put a strain on cashflow, and revenues will be down significantly for the calendar year.”

“We continue to believe that domestic industrial manufacturing is, and has been, in a recession for quite some time. It appears to be hitting harder than it has as shown by lower orders and fewer opportunities. Foreign dumping of product continues to be unfair and rampant.”

“Late July and August were relatively slow, and September and October are really strong. Some of that is typical seasonality, but the swings are more dramatic. Assuming customers are running down/carrying less inventory. We are investing in both equipment/automation and additional space. Capital expenditures are up. Have seen a drag in payments.”

“Most of our revenue comes from Fortune 500 companies. These customers have requested/demanded extended payment terms. Our largest customer requested that we go to Net 120 payment terms, which of course has a very negative impact on our company, most especially since our largest raw material vendor demands we pay in 15 days.”

“Raw material prices from vendors continue to rise. 3-5% price increases on average over the last few months.”

“Volume is very poor right now. August was our worst August in 20+ years. September will be the same.”

“Slowdown has been broad-based across all customer segments. Need volume to sustain.”

Table 1. Summary of Tenth District Manufacturing Conditions, September 2024

Plant Level Indicators	September vs. August (percent)*					September vs. Year Ago (percent)*					Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^^}	Increase	No Change	Decrease	Diff Index [^]	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^^}	
Composite Index				-12	-8				-17				7	9	
Production	19	42	39	-19	-18	29	18	53	-24	37	42	20	17	19	
Volume of shipments	20	43	36	-16	-12	30	18	52	-22	36	39	25	11	10	
Volume of new orders	18	42	40	-22	-14	27	17	57	-30	34	43	23	11	12	
Backlog of orders	12	42	46	-34	-33	18	28	54	-36	20	49	30	-10	-9	
Number of employees	14	59	27	-12	-11	34	24	41	-7	32	54	15	17	18	
Average employee workweek	12	63	25	-13	-15	17	49	34	-17	14	67	18	-4	-5	
Prices received for finished product	12	73	14	-2	-5	48	34	18	30	43	47	10	34	33	
Prices paid for raw materials	20	70	10	11	13	61	18	20	41	45	47	8	36	33	
Capital expenditures						24	51	25	-1	33	48	19	13	11	
New orders for exports	5	88	8	-3	-2	10	73	18	-8	9	86	5	4	4	
Supplier delivery time	7	80	13	-6	-2	16	55	29	-13	11	77	12	-1	-1	
Inventories: Materials	20	58	22	-1	4	23	45	33	-10	19	54	27	-7	-4	
Inventories: Finished goods	19	63	19	0	6	23	50	28	-5	14	62	25	-11	-9	

*Percentage may not add to 100 due to rounding.

[^]Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

^{^^}Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The September survey was open for a six-day period from September 18-23, 2024 and included 83 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

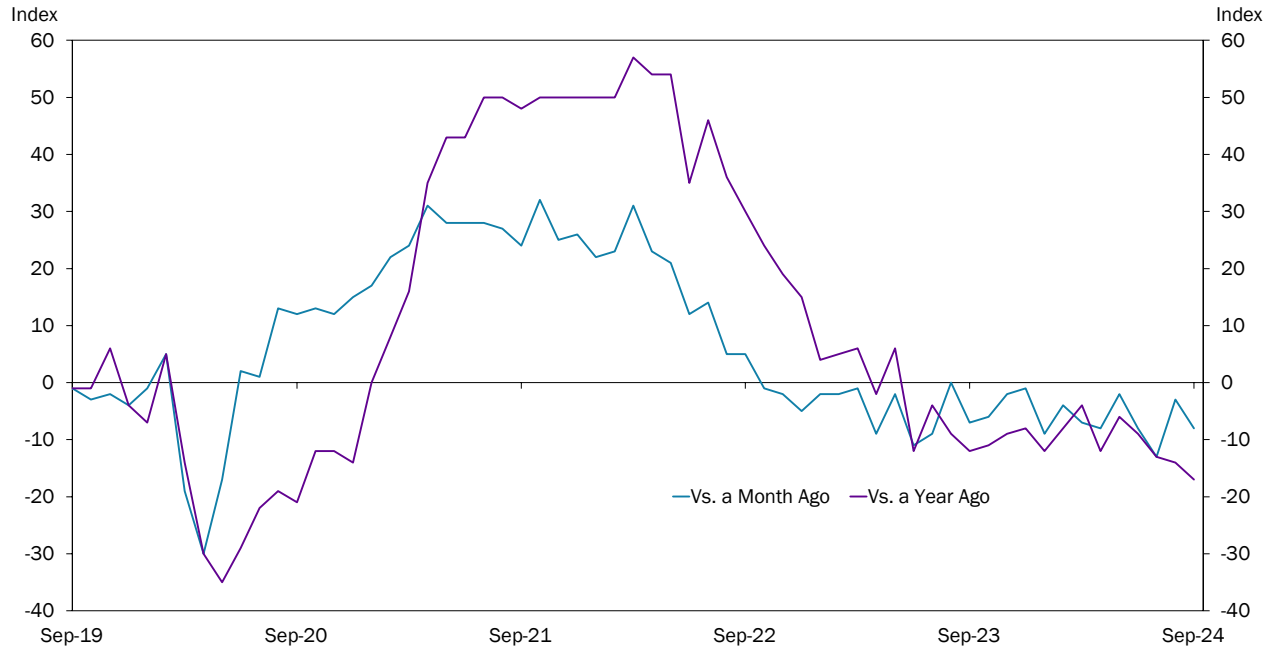


Chart 2. Special Question: How is your current investment in technology likely to impact employment levels over the next year?

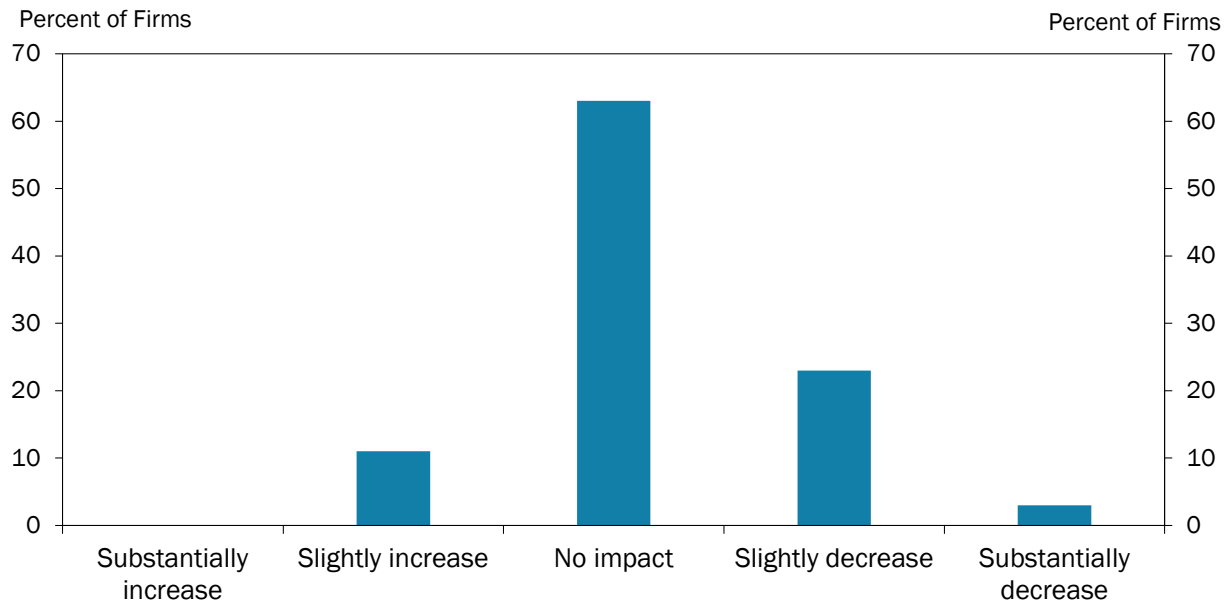


Chart 3. Special Question: Have you seen any change in the flow of job applicants per job opening at your firm since last year?

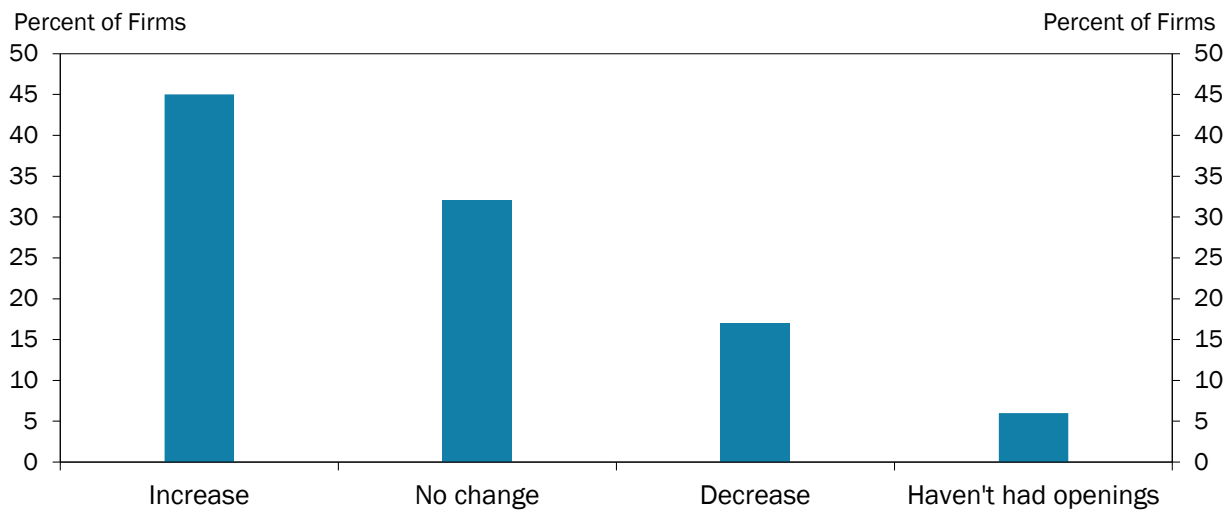


Table 2
Historical Manufacturing Survey Indexes

	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sep'24
Versus a Month Ago (seasonally adjusted)													
Composite Index	-7	-6	-2	-1	-9	-4	-7	-8	-2	-8	-13	-3	-8
Production	-10	-5	-3	-5	-17	3	-9	-13	-1	-11	-12	6	-18
Volume of shipments	-11	-8	2	-5	-20	6	-5	-11	8	-1	-18	-1	-12
Volume of new orders	-13	-19	-3	-9	-19	-2	-17	-6	-13	-13	-21	-12	-14
Backlog of orders	-22	-14	-13	-8	-24	-13	-27	-18	-19	-23	-24	-19	-33
Number of employees	3	-2	-1	7	-2	8	6	-2	9	-11	-12	-7	-11
Average employee workweek	-3	-1	-5	-2	-6	2	-11	-3	-5	-12	-17	-10	-15
Prices received for finished product	3	2	0	3	7	-2	5	0	7	3	0	6	-5
Prices paid for raw materials	8	2	9	11	24	15	17	18	19	9	17	18	13
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	-8	-8	-5	-1	-8	-7	3	0	7	-2	-5	4	-2
Supplier delivery time	-1	-3	-2	1	-1	-12	-3	-5	-3	1	-3	-1	-2
Inventories: Materials	-13	-1	-1	0	-7	-15	-10	-15	-3	-4	-17	0	4
Inventories: Finished goods	-7	-2	-1	2	-2	-8	-7	-3	2	-1	-1	6	6
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-12	-11	-9	-8	-12	-8	-4	-12	-6	-9	-13	-14	-17
Production	-10	-8	-10	-4	-12	-4	-3	-8	-7	-13	-12	-18	-24
Volume of shipments	-14	-3	0	-5	-14	-8	5	-5	-5	-15	-12	-18	-22
Volume of new orders	-11	-24	-8	-6	-19	-6	-10	-12	-7	-21	-24	-21	-30
Backlog of orders	-22	-31	-26	-21	-28	-13	-28	-13	-14	-22	-29	-29	-36
Number of employees	1	7	5	6	-2	6	14	-7	9	6	-2	-9	-7
Average employee workweek	-10	-9	-17	-4	-20	0	-14	-12	-8	-10	-8	-16	-17
Prices received for finished product	39	44	42	37	39	37	33	45	34	33	31	34	30
Prices paid for raw materials	17	20	20	18	36	36	39	46	37	32	35	37	41
Capital expenditures	16	6	11	13	1	-4	-2	-6	-1	-3	5	1	-1
New orders for exports	-13	-13	1	-11	-11	-5	-6	-4	0	1	-3	-6	-8
Supplier delivery time	-26	-24	-30	-20	-17	-23	-11	-24	-24	-15	-10	-13	-13
Inventories: Materials	-13	-6	0	-16	-10	-13	-6	-12	1	-3	-14	-9	-10
Inventories: Finished goods	-5	-2	-12	-2	-8	-5	3	-4	2	-2	-6	-1	-5
Expected in Six Months (seasonally adjusted)													
Composite Index	2	2	0	5	11	2	1	2	6	7	5	8	9
Production	6	10	15	13	32	18	18	16	21	18	13	20	19
Volume of shipments	5	13	9	23	30	18	15	5	15	12	14	11	10
Volume of new orders	6	2	9	6	22	1	4	1	18	8	8	12	12
Backlog of orders	-4	-9	-7	0	-2	-4	-19	-12	-3	-3	-8	-7	-9
Number of employees	15	13	3	13	5	16	7	7	14	17	13	17	18
Average employee workweek	0	4	-9	8	7	-3	-15	-1	2	6	1	5	-5
Prices received for finished product	20	16	22	26	25	21	26	26	26	21	23	21	33
Prices paid for raw materials	28	20	29	41	34	26	34	30	40	38	36	40	33
Capital expenditures	9	4	-1	5	2	16	6	3	17	5	10	-4	11
New orders for exports	4	0	2	-1	6	-2	0	5	5	8	6	-2	4
Supplier delivery time	-5	-8	-11	-1	-3	-10	-8	-2	-7	-1	-4	-3	-1
Inventories: Materials	-14	-9	-15	-7	-3	-15	-16	-15	-17	-6	-5	-5	-4
Inventories: Finished goods	-13	-12	-9	-12	-6	-18	-5	0	-11	-6	-5	1	-9