



FOR IMMEDIATE RELEASE

May 22, 2025

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Tenth District Manufacturing Contracted Slightly 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 Megan Williams, associate economist and survey manager, the survey revealed that Tenth District manufacturing activity contracted slightly, and expectations for future activity remained somewhat positive.

“Regional factory activity continued to decline in May, and raw materials and finished product price growth cooled following high readings in previous months,” said Williams. “Over half of firms reported changing prices more frequently compared to last year, but most have not changed plans for hiring or capital expenditures.”

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 contracted slightly, and expectations for future activity remained somewhat positive (Chart 1, Tables 1 & 2). Price growth for both raw materials and finished goods eased in May following high readings in previous months.

Factory Activity Contracted Slightly

The month-over-month composite index was -3 in May, up slightly from -4 in April and down from -2 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. Nondurable manufacturing declined—driven by food manufacturing—while durable manufacturing was mostly flat, with increases in metals and furniture manufacturing and decreases in electronic and transportation equipment. Production, volume of shipments, and new orders all fell moderately this month. Backlogs of orders declined substantially, while employment increased modestly and inventories were mostly flat. Most year-over-year indexes were negative, except for the prices indexes, capital expenditures, and raw materials inventory. Production continued to decrease along with the number of employees and average employee workweek. The future composite index ticked down from 6 to 5 in May as expectations for future production, shipments, and orders all stayed somewhat positive.

Special Questions

This month contacts were asked special questions about their firm's hiring and capital expenditures plans. About half of firms (52%) reported their hiring plans for the remainder of 2025 have not changed since the beginning of the year, while 34% expect them to decrease and 14% expect to increase hiring plans. Similarly, 60% of firms have not changed their capital expenditures plans since the beginning of the year, while 30% expect them to decrease and 10% expect them to increase (Chart 2). Firms were also asked if they are changing their prices more frequently compared to last year. 41% reported they have not changed the frequency with which they change prices, while 37% reported they are changing prices somewhat more often and 16% reported they are changing them much more often. Another 5% reported their prices are changing somewhat less often, and 1% reported changing much less often (Chart 3).

Selected Manufacturing Comments

“Current business volume not sustainable long-term.”

“Some inventory we are reducing considerably due to significantly lower sales. Some inventory is quite a bit higher due to opportunity buys.”

“Our business is in the biggest supply shortage in history. Demand is excellent at the moment, not sure how long that lasts given the shortages our customers are experiencing.”

“Year started strong but seems to be tapering off for at least the near term.”

“Domestic conditions are better, but still much potential for volatility.”

“Lots of uncertainty about landed costs of raw materials and capital expenditures. We will adjust who we buy from and what we charge our customers based on current situation, not future speculation.”

“Trade policy continues to impact business. The constant uncertainty around overall policy is negative for consumers and for us.”

“We are insourcing equipment builds which will drive growth and allow for us to purchase capex manufacturing equipment and hire three more employees.”



Table 1. Summary of Tenth District Manufacturing Conditions, May 2025

Plant Level Indicators	May vs. April (percent)*					May vs. Year Ago (percent)*					Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index^A	SA Index^AA	Increase	No Change	Decrease	Diff Index^A	Increase	No Change	Decrease	Diff Index^A	SA Index^AA	
Composite Index				2	-3				-5				5	5	
Production	26	46	27	-1	-10	26	33	41	-15	31	46	23	7	8	
Volume of shipments	31	39	31	0	-10	28	27	44	-16	32	43	25	6	9	
Volume of new orders	29	38	33	-4	-9	32	28	40	-8	34	37	29	5	8	
Backlog of orders	19	43	38	-19	-23	18	35	47	-29	21	46	33	-12	-11	
Number of employees	23	61	16	7	3	29	35	36	-6	19	59	22	-3	-2	
Average employee workweek	16	63	21	-5	-9	13	57	31	-18	14	64	22	-8	-10	
Prices received for finished product	28	66	5	23	17	67	28	4	63	49	48	3	46	46	
Prices paid for raw materials	46	48	5	41	34	73	22	5	67	54	40	5	49	51	
Capital expenditures						25	52	23	2	29	58	13	17	18	
New orders for exports	4	72	24	-20	-21	12	64	24	-12	14	68	18	-3	-7	
Supplier delivery time	9	82	8	1	0	16	66	18	-2	11	80	9	1	-3	
Inventories: Materials	28	51	21	6	3	33	40	27	6	29	55	16	13	16	
Inventories: Finished goods	21	62	17	4	0	21	54	24	-3	17	65	18	-1	0	

*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 May survey was open for a six-day period from May 14-19, 2025 and included 95 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

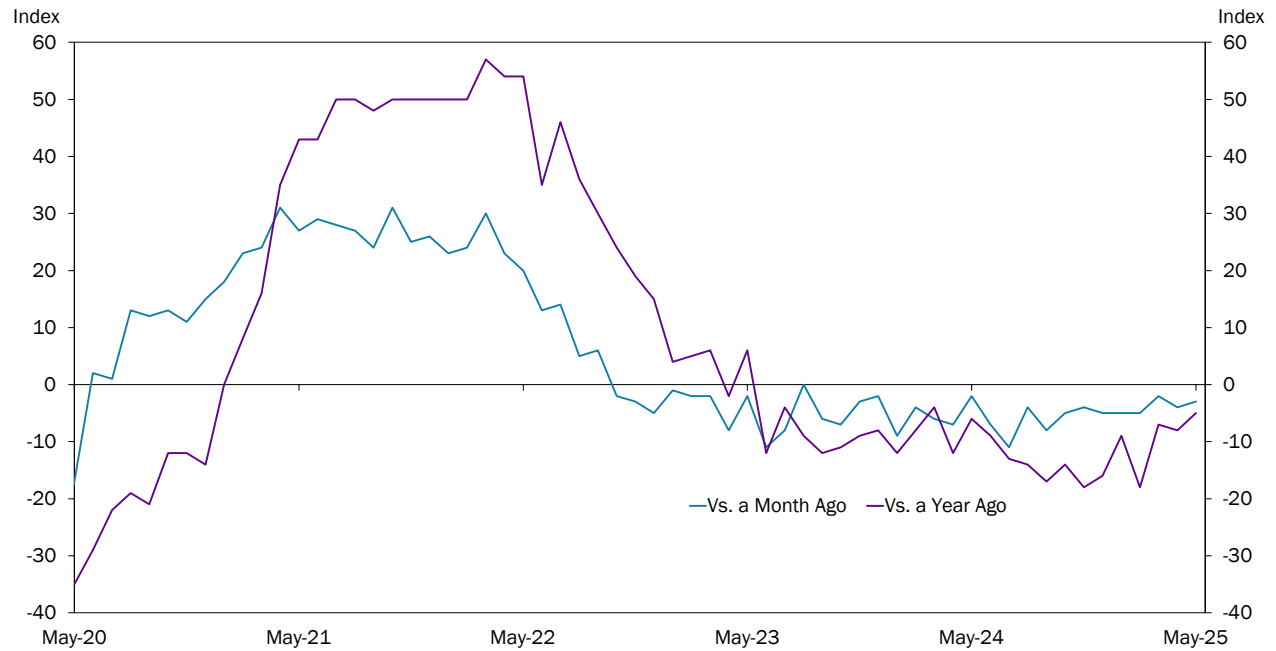


Chart 2. Special Question: Since the start of the year, have your firm's hiring or capital expenditure plans changed for the remainder of 2025?

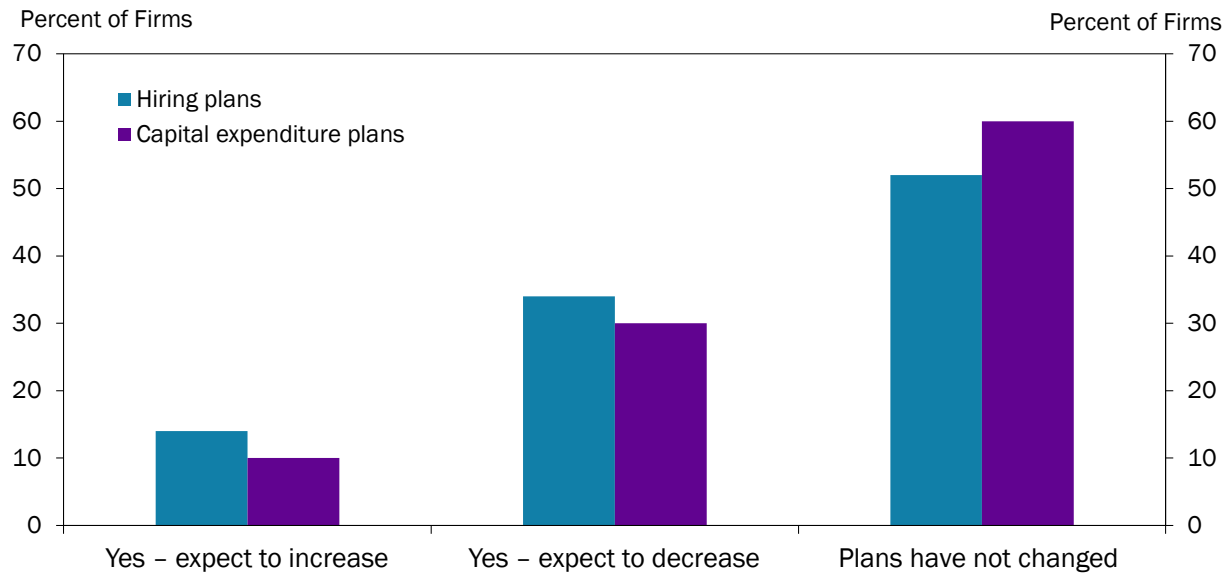


Chart 3. Special Question: How much more or less frequently is your firm changing prices compared to last year?

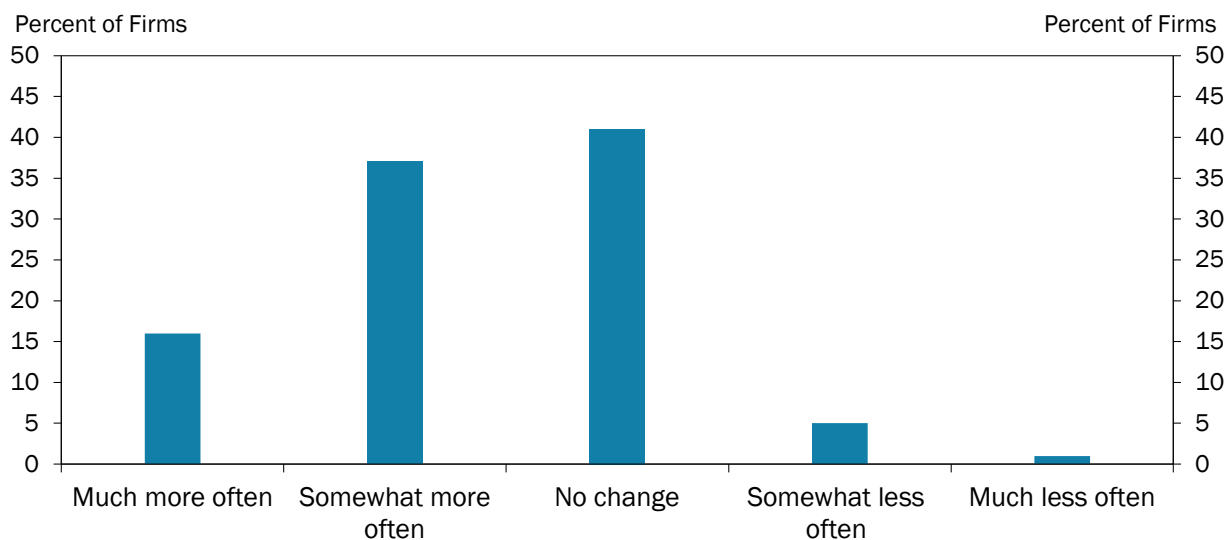


Table 2
Historical Manufacturing Survey Indexes

	May'24	Jun'24	Jul'24	Aug'24	Sep'24	Oct'24	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25	Apr'25	May'25
Versus a Month Ago (seasonally adjusted)													
Composite Index	-2	-7	-11	-4	-8	-5	-4	-5	-5	-5	-2	-4	-3
Production	-2	-10	-10	2	-14	-2	-5	-6	-9	-13	1	-5	-10
Volume of shipments	5	-3	-13	-3	-10	5	-2	-12	-6	-11	-4	-2	-10
Volume of new orders	-12	-13	-18	-12	-14	-9	-10	-16	-6	-7	-12	-11	-9
Backlog of orders	-20	-21	-23	-20	-30	-15	-16	-22	-19	-12	-6	-20	-23
Number of employees	9	-9	-10	-6	-9	-2	0	1	1	-14	-4	-11	3
Average employee workweek	-6	-11	-14	-9	-13	-8	-9	-10	1	-9	6	-6	-9
Prices received for finished product	6	3	2	6	-5	9	6	8	14	17	15	29	17
Prices paid for raw materials	19	13	17	17	14	16	8	18	18	38	42	42	34
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	5	-2	-4	2	-2	-1	-6	-6	-3	-6	-9	-10	-21
Supplier delivery time	-4	0	-3	-2	-3	-1	1	-3	-1	5	-1	13	0
Inventories: Materials	-3	-4	-17	-1	2	-10	-4	0	-11	2	4	-5	3
Inventories: Finished goods	2	1	0	4	5	-2	6	5	2	2	-8	5	0
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-6	-9	-13	-14	-17	-14	-18	-16	-9	-18	-7	-8	-5
Production	-7	-13	-12	-18	-24	-14	-14	-21	-9	-28	-9	-13	-15
Volume of shipments	-5	-15	-12	-18	-22	-6	-10	-24	-9	-22	-18	-19	-16
Volume of new orders	-7	-21	-24	-21	-30	-18	-10	-30	-15	-22	-12	-19	-8
Backlog of orders	-14	-22	-29	-29	-36	-32	-27	-29	-19	-30	-24	-28	-29
Number of employees	9	6	-2	-9	-7	-5	-12	-1	-6	-18	-9	-14	-6
Average employee workweek	-8	-10	-8	-16	-17	-17	-16	-18	-23	-27	-10	-12	-18
Prices received for finished product	34	33	31	34	30	37	44	37	41	46	46	66	63
Prices paid for raw materials	37	32	35	37	41	30	27	41	34	52	67	76	67
Capital expenditures	-1	-3	5	1	-1	1	7	5	1	-1	3	-2	2
New orders for exports	0	1	-3	-6	-8	-8	-9	-3	-1	-7	-17	-17	-12
Supplier delivery time	-24	-15	-10	-13	-13	-16	-30	-17	-6	-6	-2	5	-2
Inventories: Materials	1	-3	-14	-9	-10	-17	-24	-13	-9	-16	-3	3	6
Inventories: Finished goods	2	-2	-6	-1	-5	-2	-8	0	-11	-3	-5	-2	-3
Expected in Six Months (seasonally adjusted)													
Composite Index	6	7	5	8	8	6	10	17	15	14	10	6	5
Production	21	19	16	20	20	25	22	40	28	30	24	4	8
Volume of shipments	16	14	16	13	13	20	22	31	23	28	20	9	9
Volume of new orders	17	9	8	12	12	13	16	35	30	27	20	3	8
Backlog of orders	-3	-3	-8	-6	-9	-7	2	2	-5	-2	-7	-19	-11
Number of employees	15	16	13	16	17	14	14	19	10	12	0	1	-2
Average employee workweek	2	5	1	4	-3	0	-2	7	11	2	-3	-16	-10
Prices received for finished product	27	23	25	24	32	33	30	32	30	47	39	59	46
Prices paid for raw materials	40	38	36	38	33	37	33	35	48	60	57	71	51
Capital expenditures	15	5	9	-5	10	3	15	8	20	9	13	-10	18
New orders for exports	5	7	5	0	4	6	-7	0	0	-5	-5	-13	-7
Supplier delivery time	-7	-3	-5	-3	-2	-6	-1	-4	4	6	7	8	-3
Inventories: Materials	-14	-6	-6	-4	-5	-14	-3	-4	2	-5	0	12	16
Inventories: Finished goods	-10	-6	-6	-1	-8	-5	-6	8	-2	-6	-9	0	0