

FOR IMMEDIATE RELEASE

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CONTACT: Sarah Dickson

(405) 827-7294

Sarah.Dickson@kc.frb.org

Tenth District Manufacturing Activity Continued to Decrease in June
Federal Reserve Bank of Kansas City Releases June Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the June Manufacturing Survey today. According to Megan Williams, associate economist and survey manager, the survey revealed that Tenth District manufacturing activity continued to decrease, while expectations for future activity increased.

“Regional factory activity declined modestly in June, while expectations for future activity accelerated,” said Williams. “Production and shipments ticked up this month, while new orders and employment fell.”

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 decreased, while expectations for future activity increased (Chart 1, Tables 1 & 2). Price growth for raw materials and finished goods accelerated in June following lower readings last month.

Factory Activity Continued to Decrease

The month-over-month composite index was -2 in June, up slightly from -3 in May and -4 in April (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Declines were primarily driven by metal and transportation equipment manufacturing, while nonmetallic mineral and petroleum product manufacturing increased. The month-over-month indexes were mixed. Production, volume of shipments, and supplier delivery time all increased modestly. However, backlog of orders, new orders, and both employment indexes declined. All year-over-year indexes posted negative readings, except for the price indexes. Production, new orders, employment, and backlogs all fell substantially. However, the future composite index grew from 5 to 9 in June as firms anticipate production and orders to pick back up in the next six months.

Special Questions

This month contacts were asked special questions about uncertainty and international trade. Nearly a third of firms (32%) have paused ongoing capital investment as a result of uncertainty, while a quarter have reduced job postings and 21% have reduced employee headcount. Further, 11% have cancelled ongoing capital investment, 13% reported they have taken other measures, and 54% have done none of the above (Chart 2). Additionally, just over half (52%) of firms surveyed reported that they are engaged in international trade, either with their inputs or outputs (Chart 3).

Selected Manufacturing Comments

“The amount of imported products in our inventory is insignificant. Mostly domestic items, so tariffs are not a concern. Borrowing rates are a concern as we have a new facility build out in the future and rates will be a key issue.”

“Technical staffing, regardless of the global activity, continues to be one of the most significant factors.”

“Some cutbacks from customers because of oil price uncertainties.”

“Tariff uncertainty is damaging to our business significantly. We landed a large year-long contract for weapons components early in the year. It was cancelled due to large tariffs on the raw material used - titanium.”

“Tariffs are increasing costs and creating uncertainty. Our customers are canceling orders due to tariff uncertainty.”

“Policy uncertainty makes future planning very difficult.”

“Our USA domestic sourcing has gone from 44% to 50% over the past 12 months.”

“Very concerned about basic production line worker availability. The labor markets are feeling as though things are getting tighter again.”

“Lots of angst from customers about costs/pricing. Significant number of products are being reformulated to reduce costs vs. passing through price increases to end consumer.”

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

	June vs. May (percent)*					June 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^^	
Plant Level Indicators															
Composite Index				-2	-2				-14				7	9	
Production	27	49	24	4	5	28	25	47	-19	41	38	22	19	19	
Volume of shipments	33	43	24	8	8	26	27	48	-22	37	39	24	13	15	
Volume of new orders	29	36	36	-7	-2	26	24	50	-24	39	36	25	14	16	
Backlog of orders	22	44	34	-11	-11	18	40	42	-25	25	48	26	-1	-2	
Number of employees	18	59	23	-6	-8	25	35	41	-16	28	48	25	3	7	
Average employee workweek	13	69	18	-5	-5	10	57	33	-23	8	70	22	-13	-10	
Prices received for finished product	25	71	4	22	21	66	29	5	62	51	42	7	45	48	
Prices paid for raw materials	53	41	6	48	51	80	14	6	75	66	28	6	61	64	
Capital expenditures						22	51	26	-4	27	54	19	8	9	
New orders for exports	9	72	19	-10	-10	10	66	25	-15	11	70	18	-7	-7	
Supplier delivery time	9	86	5	5	5	14	66	20	-6	12	77	10	2	3	
Inventories: Materials	20	56	24	-5	-9	30	36	34	-4	21	54	24	-3	-1	
Inventories: Finished goods	19	63	18	1	1	25	47	27	-2	16	59	25	-8	-4	

*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 June survey was open for a six-day period from June 18-23, 2025 and included 107 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

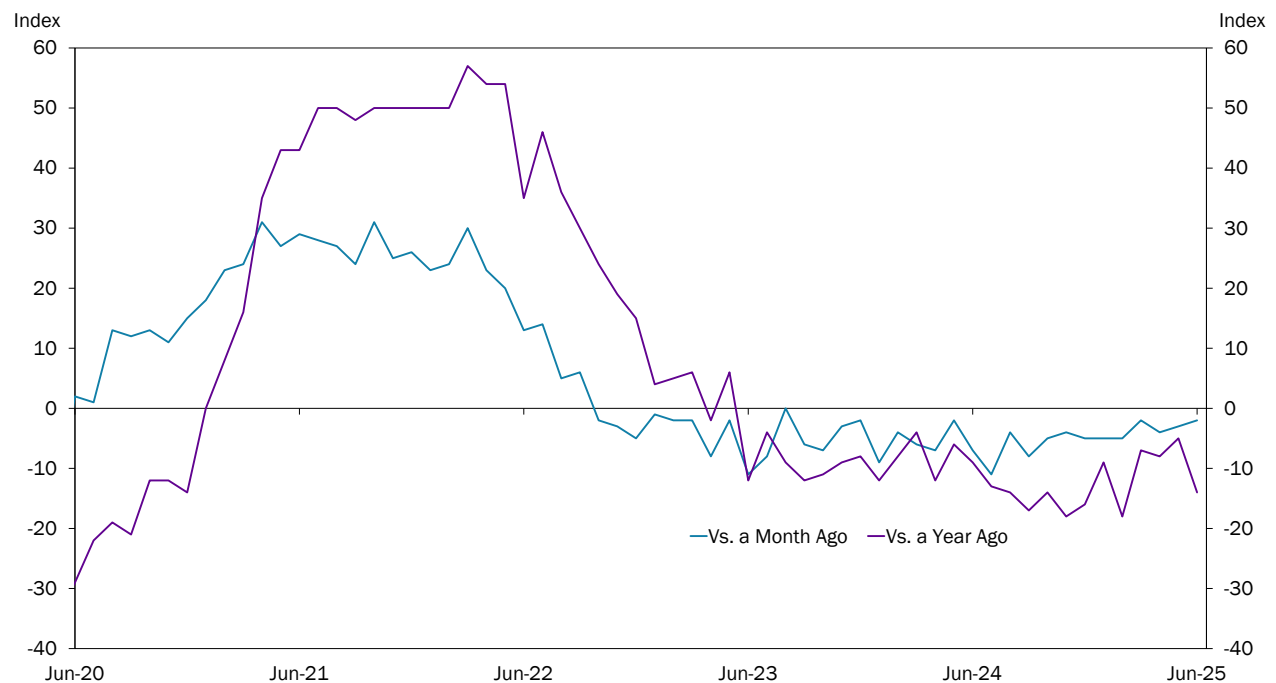


Chart 2. Special Question: Over the last month, has uncertainty around trade policy resulted in any of the following?

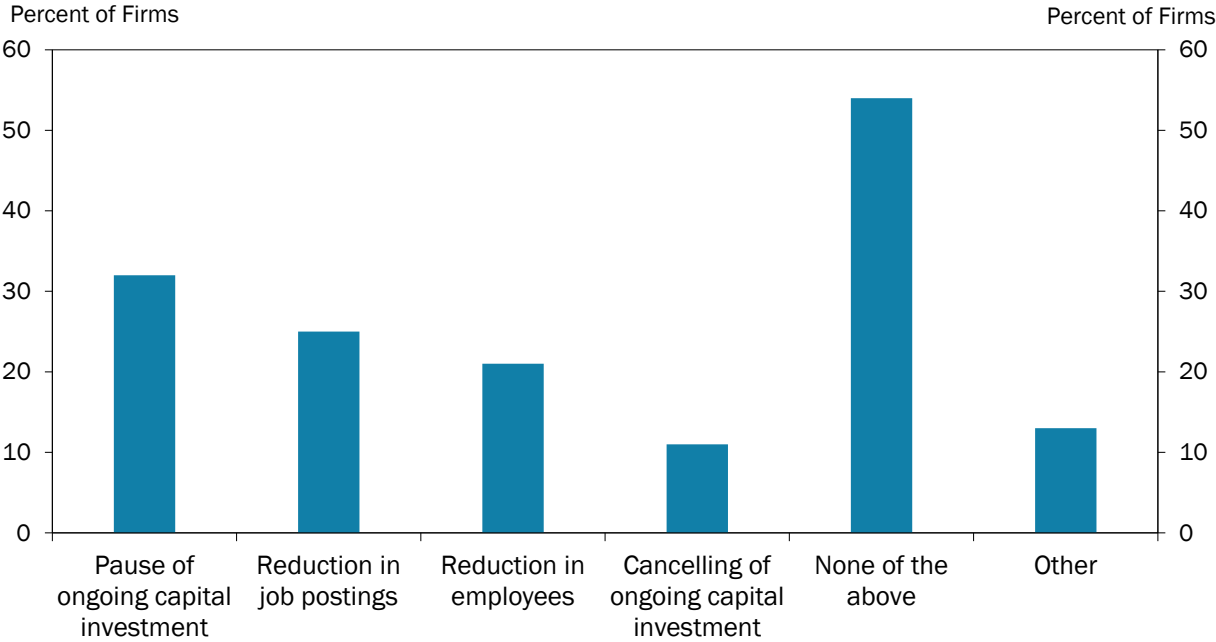


Chart 3. Special Question: Is your firm engaged in any international trade (inputs or outputs)?

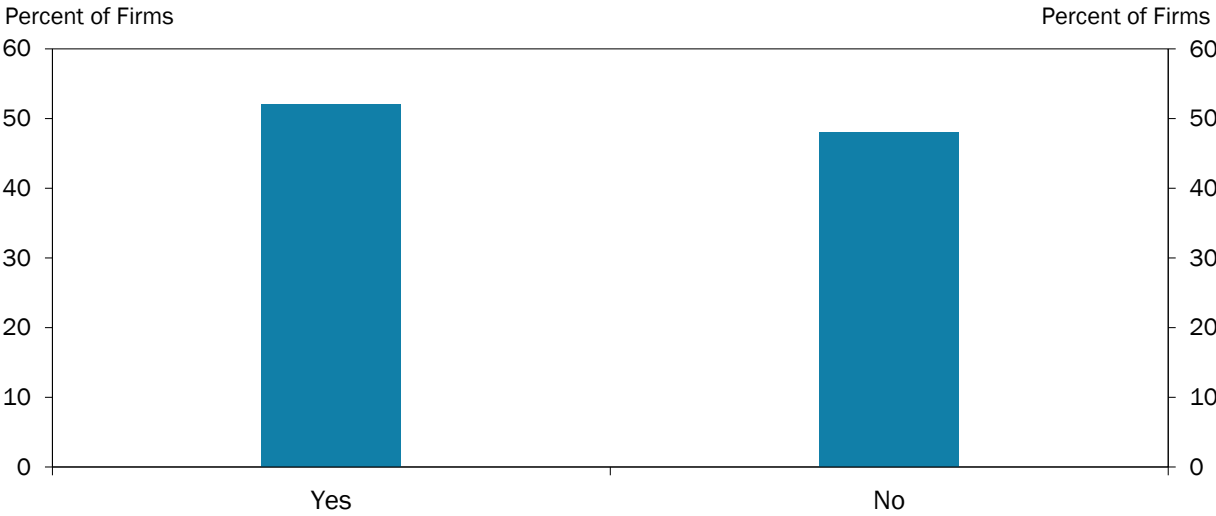


Table 2
Historical Manufacturing Survey Indexes

	Jun'24	Jul'24	Aug'24	Sep'24	Oct'24	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25
Versus a Month Ago (seasonally adjusted)													
Composite Index	-7	-11	-4	-8	-5	-4	-5	-5	-5	-2	-4	-3	-2
Production	-10	-10	2	-14	-2	-5	-6	-9	-13	1	-5	-10	5
Volume of shipments	-3	-13	-3	-10	5	-2	-12	-6	-11	-4	-2	-10	8
Volume of new orders	-13	-18	-12	-14	-9	-10	-16	-6	-7	-12	-11	-9	-2
Backlog of orders	-21	-23	-20	-30	-15	-16	-22	-19	-12	-6	-20	-23	-11
Number of employees	-9	-10	-6	-9	-2	0	1	1	-14	-4	-11	3	-8
Average employee workweek	-11	-14	-9	-13	-8	-9	-10	1	-9	6	-6	-9	-5
Prices received for finished product	3	2	6	-5	9	6	8	14	17	15	29	17	21
Prices paid for raw materials	13	17	17	14	16	8	18	18	38	42	42	34	51
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	-2	-4	2	-2	-1	-6	-6	-3	-6	-9	-10	-21	-10
Supplier delivery time	0	-3	-2	-3	-1	1	-3	-1	5	-1	13	0	5
Inventories: Materials	-4	-17	-1	2	-10	-4	0	-11	2	4	-5	3	-9
Inventories: Finished goods	1	0	4	5	-2	6	5	2	2	-8	5	0	1
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-9	-13	-14	-17	-14	-18	-16	-9	-18	-7	-8	-5	-14
Production	-13	-12	-18	-24	-14	-14	-21	-9	-28	-9	-13	-15	-19
Volume of shipments	-15	-12	-18	-22	-6	-10	-24	-9	-22	-18	-19	-16	-22
Volume of new orders	-21	-24	-21	-30	-18	-10	-30	-15	-22	-12	-19	-8	-24
Backlog of orders	-22	-29	-29	-36	-32	-27	-29	-19	-30	-24	-28	-29	-25
Number of employees	6	-2	-9	-7	-5	-12	-1	-6	-18	-9	-14	-6	-16
Average employee workweek	-10	-8	-16	-17	-17	-16	-18	-23	-27	-10	-12	-18	-23
Prices received for finished product	33	31	34	30	37	44	37	41	46	46	66	63	62
Prices paid for raw materials	32	35	37	41	30	27	41	34	52	67	76	67	75
Capital expenditures	-3	5	1	-1	1	7	5	1	-1	3	-2	2	-4
New orders for exports	1	-3	-6	-8	-8	-9	-3	-1	-7	-17	-17	-12	-15
Supplier delivery time	-15	-10	-13	-13	-16	-30	-17	-6	-6	-2	5	-2	-6
Inventories: Materials	-3	-14	-9	-10	-17	-24	-13	-9	-16	-3	3	6	-4
Inventories: Finished goods	-2	-6	-1	-5	-2	-8	0	-11	-3	-5	-2	-3	-2
Expected in Six Months (seasonally adjusted)													
Composite Index	7	5	8	8	6	10	17	15	14	10	6	5	9
Production	19	16	20	20	25	22	40	28	30	24	4	8	19
Volume of shipments	14	16	13	13	20	22	31	23	28	20	9	9	15
Volume of new orders	9	8	12	12	13	16	35	30	27	20	3	8	16
Backlog of orders	-3	-8	-6	-9	-7	2	2	-5	-2	-7	-19	-11	-2
Number of employees	16	13	16	17	14	14	19	10	12	0	1	-2	7
Average employee workweek	5	1	4	-3	0	-2	7	11	2	-3	-16	-10	-10
Prices received for finished product	23	25	24	32	33	30	32	30	47	39	59	46	48
Prices paid for raw materials	38	36	38	33	37	33	35	48	60	57	71	51	64
Capital expenditures	5	9	-5	10	3	15	8	20	9	13	-10	18	9
New orders for exports	7	5	0	4	6	-7	0	0	-5	-5	-13	-7	-7
Supplier delivery time	-3	-5	-3	-2	-6	-1	-4	4	6	7	8	-3	3
Inventories: Materials	-6	-6	-4	-5	-14	-3	-4	2	-5	0	12	16	-1
Inventories: Finished goods	-6	-6	-1	-8	-5	-6	8	-2	-6	-9	0	0	-4