

FOR IMMEDIATE RELEASE

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Tenth District Manufacturing Activity Edged Up Slightly in July
Federal Reserve Bank of Kansas City Releases July Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the July Manufacturing Survey today. According to Cortney Cowley, assistant vice president and Oklahoma City Branch executive, the survey revealed that Tenth District manufacturing activity edged up slightly, and expectations for future activity remained expansionary.

“Regional factory activity inched higher in July, and expectations for future activity remained positive,” said Cowley. “However, the volume of new orders grew only mildly, while backlogs fell considerably, and employment continued to decrease.”

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 edged up slightly, and expectations for future activity remained expansionary (Chart 1, Tables 1 & 2). Price growth cooled slightly for both raw materials and finished products.

Factory Activity Edged Up Slightly

The month-over-month composite index was 1 in July, up slightly from -2 in June and -3 in May (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 nondurable manufacturing, while durable manufacturing activity continued to fall. The month-over-month indexes were mixed. The volume of shipments and new orders both increased modestly, but production fell from 5 to -3. The backlog of orders fell considerably from -11 to -30 and the employment index continued to decrease from -8 to -11. Most year-over-year indexes were negative, but up somewhat from last month's readings. Production and backlogs fell substantially, while the shipments, new orders, and employment count and workweek indexes all declined moderately. Expectations for future activity remained positive, with the composite index ticking down from 9 to 8, as firms continued to have positive outlooks for production, new orders, and employment.

Special Questions

This month, contacts were asked special questions about profit margins and passthrough ability. Changes in firms' profit margins were mixed. Over a third (35%) of firms reported a slight decrease in profit margins over the previous quarter and 21% reported a significant decrease, while 21% reported no change, 20% reported a slight increase, and 3% reported a significant increase. In the next 12 months, 32% of firms expect margins to decrease slightly, 10% expect them to decrease significantly, 26% expect no change, 29% expect them to increase slightly, and 3% expect them to increase significantly (Chart 2). Firms were also asked if their ability to pass through rising input prices has changed in the last few months. A third of firms (33%) reported a slightly increased ability, another 33% reported no change in passthrough ability, 31% reported it is harder to passthrough costs, and 3% reported a considerably increased passthrough ability (Chart 3).

Selected Manufacturing Comments

“Economic conditions in our industry have continued to deteriorate. Two of the most damaging factors are the uncertainty surrounding tariffs and the rescinding of valid work permits.”

“Uncertainties created by tariffs, inflation, and the complex tax structure are hurting our ability as a small business to grow and be successful.”

“To date in our industry, tariffs have only had a mild effect on raw material sales to industrial customers. Inventories were in good enough shape to manage that. Replacement inventories are coming in at higher cost and this cost will be passed through to customers. We also produce retail products, and this is an even slower process to gain price increases. It will take three to six months to fully pass those costs on and during that time margins will be compressed.”

“Customers have zero appetite for price increases at the moment. In fact, most are actively looking for ways to cut costs. But we are going to have to push select, relatively small increases through.”

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

Plant Level Indicators	July vs. June (percent)*					July 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				0	1				-5				6	8	
Production	27	42	31	-4	-3	33	17	50	-17	36	38	26	10	14	
Volume of shipments	28	42	30	-3	3	35	21	44	-10	34	38	29	5	11	
Volume of new orders	30	37	33	-4	2	36	19	45	-10	34	40	26	8	8	
Backlog of orders	14	45	41	-27	-30	21	38	40	-19	23	47	30	-7	-5	
Number of employees	13	64	23	-10	-11	26	34	40	-14	21	61	18	3	4	
Average employee workweek	12	68	20	-8	-9	17	56	27	-11	16	66	17	-1	-1	
Prices received for finished product	21	73	6	16	18	66	26	8	58	46	50	5	41	48	
Prices paid for raw materials	48	47	5	43	47	75	17	8	67	62	36	2	60	64	
Capital expenditures						26	46	29	-3	26	47	27	-1	-4	
New orders for exports	4	76	20	-16	-15	10	67	23	-13	5	80	15	-10	-8	
Supplier delivery time	11	86	3	9	7	18	64	17	1	11	84	6	5	5	
Inventories: Materials	28	53	19	9	8	44	28	28	16	26	50	23	3	8	
Inventories: Finished goods	24	56	20	4	6	32	40	28	4	23	56	20	3	9	

*Percentage may not add to 100 due to rounding.

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

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

Note: The July survey was open for a six-day period from July 16-21, 2025 and included 105 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

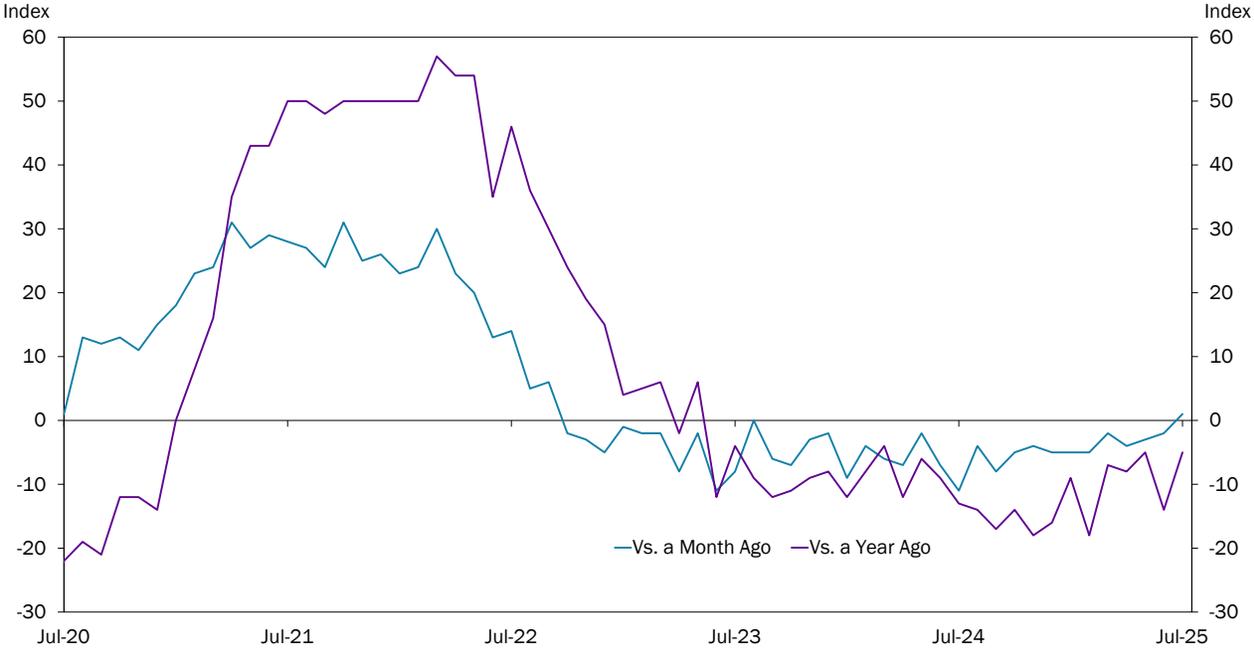


Chart 2. Special Question: How did profit margins change for your firm over the previous quarter, and how do you expect them to change over the next 12 months?

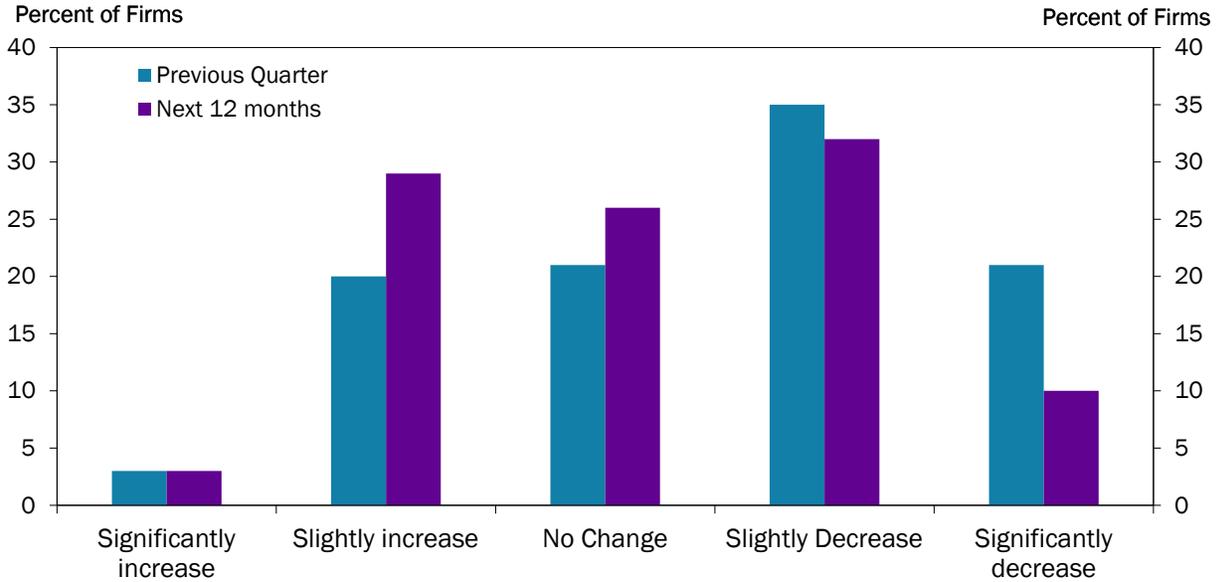


Chart 3. Special Question: Has your firm's ability to pass through rising input prices changed in the last few months?

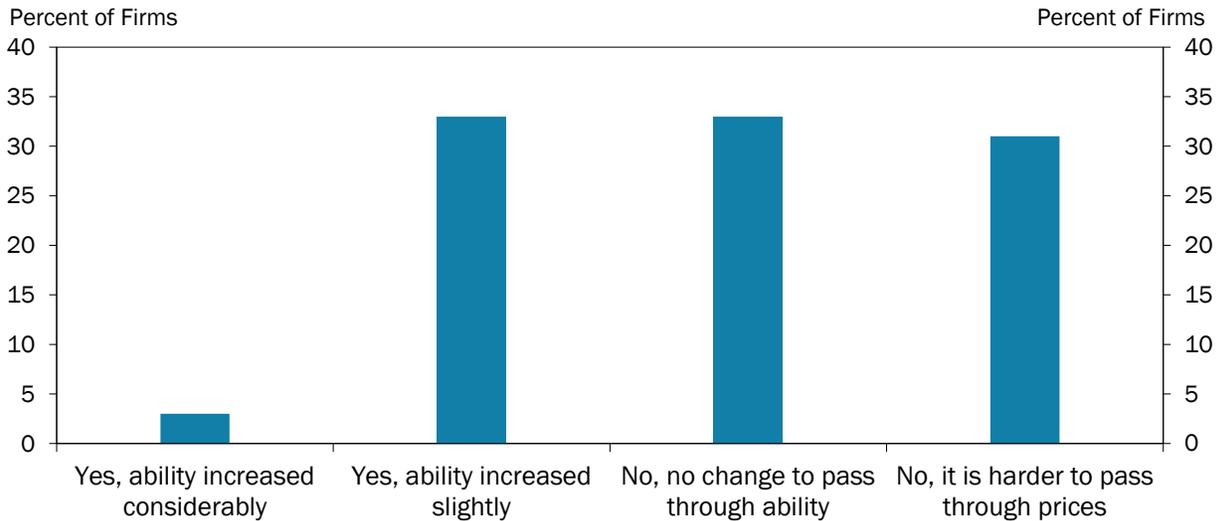


Table 2
Historical Manufacturing Survey Indexes

	Jul'24	Aug'24	Sep'24	Oct'24	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25
Versus a Month Ago (seasonally adjusted)													
Composite Index	-11	-4	-8	-5	-4	-5	-5	-5	-2	-4	-3	-2	1
Production	-10	2	-14	-2	-5	-6	-9	-13	1	-5	-10	5	-3
Volume of shipments	-13	-3	-10	5	-2	-12	-6	-11	-4	-2	-10	8	3
Volume of new orders	-18	-12	-14	-9	-10	-16	-6	-7	-12	-11	-9	-2	2
Backlog of orders	-23	-20	-30	-15	-16	-22	-19	-12	-6	-20	-23	-11	-30
Number of employees	-10	-6	-9	-2	0	1	1	-14	-4	-11	3	-8	-11
Average employee workweek	-14	-9	-13	-8	-9	-10	1	-9	6	-6	-9	-5	-9
Prices received for finished product	2	6	-5	9	6	8	14	17	15	29	17	21	18
Prices paid for raw materials	17	17	14	16	8	18	18	38	42	42	34	51	47
Capital expenditures	n/a												
New orders for exports	-4	2	-2	-1	-6	-6	-3	-6	-9	-10	-21	-10	-15
Supplier delivery time	-3	-2	-3	-1	1	-3	-1	5	-1	13	0	5	7
Inventories: Materials	-17	-1	2	-10	-4	0	-11	2	4	-5	3	-9	8
Inventories: Finished goods	0	4	5	-2	6	5	2	2	-8	5	0	1	6
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-13	-14	-17	-14	-18	-16	-9	-18	-7	-8	-5	-14	-5
Production	-12	-18	-24	-14	-14	-21	-9	-28	-9	-13	-15	-19	-17
Volume of shipments	-12	-18	-22	-6	-10	-24	-9	-22	-18	-19	-16	-22	-10
Volume of new orders	-24	-21	-30	-18	-10	-30	-15	-22	-12	-19	-8	-24	-10
Backlog of orders	-29	-29	-36	-32	-27	-29	-19	-30	-24	-28	-29	-25	-19
Number of employees	-2	-9	-7	-5	-12	-1	-6	-18	-9	-14	-6	-16	-14
Average employee workweek	-8	-16	-17	-17	-16	-18	-23	-27	-10	-12	-18	-23	-11
Prices received for finished product	31	34	30	37	44	37	41	46	46	66	63	62	58
Prices paid for raw materials	35	37	41	30	27	41	34	52	67	76	67	75	67
Capital expenditures	5	1	-1	1	7	5	1	-1	3	-2	2	-4	-3
New orders for exports	-3	-6	-8	-8	-9	-3	-1	-7	-17	-17	-12	-15	-13
Supplier delivery time	-10	-13	-13	-16	-30	-17	-6	-6	-2	5	-2	-6	1
Inventories: Materials	-14	-9	-10	-17	-24	-13	-9	-16	-3	3	6	-4	16
Inventories: Finished goods	-6	-1	-5	-2	-8	0	-11	-3	-5	-2	-3	-2	4
Expected in Six Months (seasonally adjusted)													
Composite Index	5	8	8	6	10	17	15	14	10	6	5	9	8
Production	16	20	20	25	22	40	28	30	24	4	8	19	14
Volume of shipments	16	13	13	20	22	31	23	28	20	9	9	15	11
Volume of new orders	8	12	12	13	16	35	30	27	20	3	8	16	8
Backlog of orders	-8	-6	-9	-7	2	2	-5	-2	-7	-19	-11	-2	-5
Number of employees	13	16	17	14	14	19	10	12	0	1	-2	7	4
Average employee workweek	1	4	-3	0	-2	7	11	2	-3	-16	-10	-10	-1
Prices received for finished product	25	24	32	33	30	32	30	47	39	59	46	48	48
Prices paid for raw materials	36	38	33	37	33	35	48	60	57	71	51	64	64
Capital expenditures	9	-5	10	3	15	8	20	9	13	-10	18	9	-4
New orders for exports	5	0	4	6	-7	0	0	-5	-5	-13	-7	-7	-8
Supplier delivery time	-5	-3	-2	-6	-1	-4	4	6	7	8	-3	3	5
Inventories: Materials	-6	-4	-5	-14	-3	-4	2	-5	0	12	16	-1	8
Inventories: Finished goods	-6	-1	-8	-5	-6	8	-2	-6	-9	0	0	-4	9