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Tenth District Manufacturing Activity Edged Higher 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 Cortney Cowley, assistant vice president and Oklahoma City Branch executive, the survey revealed that Tenth District manufacturing edged higher, and expectations for future activity cooled but remained modestly positive.

“Regional factory activity increased in September while price growth eased slightly,” said Cowley. “Production and employment ticked up this month, while new orders cooled.”

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.

The views expressed are those of the authors and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

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TENTH DISTRICT MANUFACTURING SUMMARY

Tenth District manufacturing activity edged higher, and expectations for future activity remained modestly positive (Chart 1, Tables 1 & 2). Price growth for finished products and raw materials fell slightly from last month, while raw materials prices grew at a faster pace from this time last year.

Factory Activity Edged Higher

The month-over-month composite index was 4 in September, up from 1 in August and 1 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 durable manufacturing sector grew slightly while nondurable manufacturing activity slowed, driven primarily by chemical manufacturing and printing activities. Most month-over-month indexes were positive except backlog of orders and new orders for exports. Production and employment increased further. Most year-over-year indexes were negative except for the capital expenditures index. Production, supplier delivery time, and employment indexes continued to decline. Expectations for future activity eased somewhat but remained positive, with the composite index decreasing from 11 to 7, as expectations for production and new orders decreased.

Special Questions

This month, contacts were asked special questions about expectations for employment and product demand for 2026. Approximately 46% of firms expect their employment levels to be slightly higher by the end of 2026, while 2% of firms expect their employment levels will be significantly higher, 35% of firms expect there to be no change, 15% expect they will be slightly lower, and 2% of firms expect they will be significantly lower (Chart 2). Half of firms expect demand for their products to be slightly higher in 2026 compared to 2025. Around 7% of firms expect product demand to be significantly higher, 20% expect no change, another 20% expect product demand to be slightly lower, and 3% expect it to be significantly lower (Chart 3).

Selected Manufacturing Comments

“Business slowed down in July last year. No loss of customers, just lower demand. Business started back to pre-July 2024 numbers in July 2025. Our down cycle appeared to be 12 months. Backlog looks decent for remainder of 2025.”

“Volume must improve to sustain business.”

“Uncertainty in end use markets making future forecasting more speculative than usual.”

“Finding employees continues to be very difficult. Our output has been negatively affected by adequate staffing levels leading to a loss of sales and extended lead times.”

“We had a 5% price increase in May. The bottom-line gains from that increase have mostly been consumed by raw material price increases. We don't feel we can continue to pass along increases as a result.”

“The industrial economy is still not well.”

“Business is good, but because we are adding new customers. Existing customers are down, some significantly.”

“There is a high degree of uncertainty in the construction industry, outside of data warehouse and server farms all segments are decreasing.”

“Seeing finished goods from Asia have tremendous volatility and makes it difficult to plan.”

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

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				-1	4				-7				7	7
Production	29	40	31	-2	4	36	20	44	-7	34	46	20	15	18
Volume of shipments	30	40	30	1	7	36	21	43	-7	33	44	23	10	13
Volume of new orders	29	38	34	-5	2	35	20	45	-11	34	41	25	8	9
Backlog of orders	20	42	38	-17	-13	26	34	40	-14	20	55	25	-6	-5
Number of employees	19	66	15	4	7	26	36	37	-11	28	57	15	13	12
Average employee workweek	12	78	10	2	3	12	63	25	-12	12	78	10	2	4
Prices received for finished product	19	77	4	15	13	64	27	9	55	45	49	7	38	36
Prices paid for raw materials	40	57	2	38	40	79	16	5	74	63	34	2	61	58
Capital expenditures						30	46	25	5	27	52	20	7	4
New orders for exports	3	83	14	-10	-9	6	69	25	-19	8	75	17	-9	-9
Supplier delivery time	6	89	5	1	4	15	67	18	-3	8	85	7	2	1
Inventories: Materials	21	55	24	-2	1	28	41	31	-2	19	57	24	-5	-3
Inventories: Finished goods	19	59	22	-3	2	24	48	28	-4	18	63	18	0	3

*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 17-22, 2025 and included 122 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

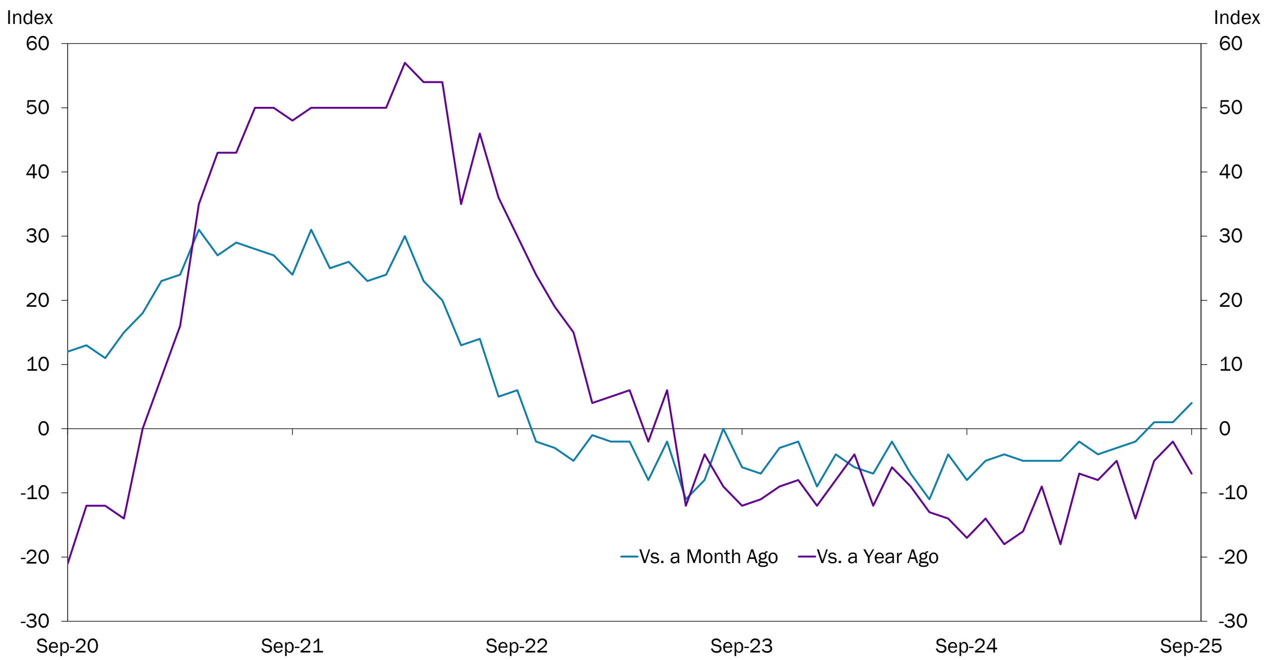

Chart 2. Special Question: By the end of 2026, what are your expectations for your firm's employment levels?

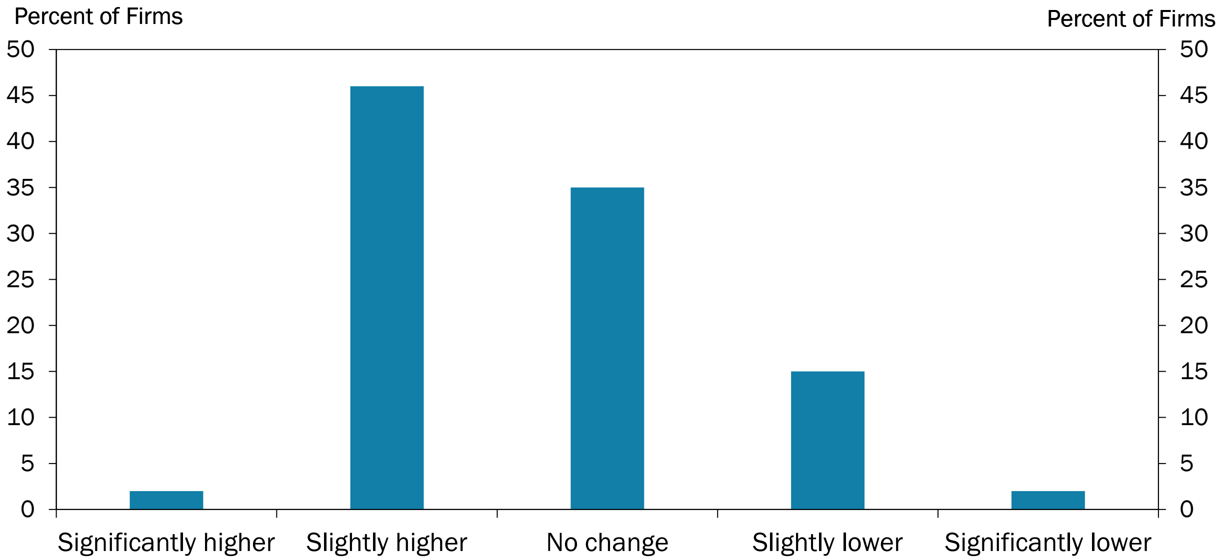

Chart 3. Special Question: What are your expectations for demand for your firm's products in 2026 compared to 2025?

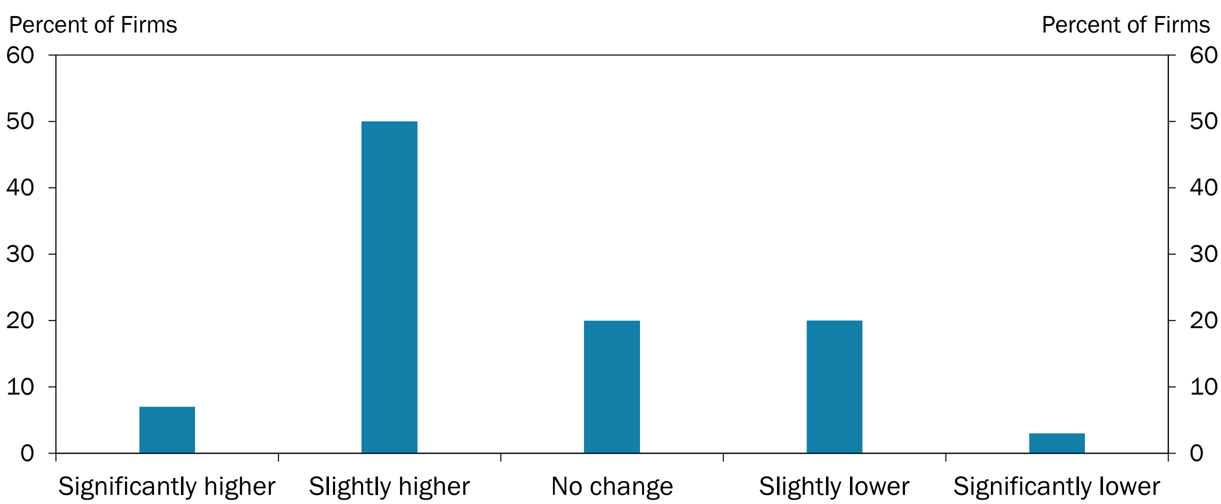

Table 2
Historical Manufacturing Survey Indexes

	Sep'24	Oct'24	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sept'25
Versus a Month Ago													
(seasonally adjusted)													
Composite Index	-8	-5	-4	-5	-5	-5	-2	-4	-3	-2	1	1	4
Production	-14	-2	-5	-6	-9	-13	1	-5	-10	5	-3	0	4
Volume of shipments	-10	5	-2	-12	-6	-11	-4	-2	-10	8	3	6	7
Volume of new orders	-14	-9	-10	-16	-6	-7	-12	-11	-9	-2	2	5	2
Backlog of orders	-30	-15	-16	-22	-19	-12	-6	-20	-23	-11	-30	-15	-13
Number of employees	-9	-2	0	1	1	-14	-4	-11	3	-8	-11	0	7
Average employee workweek	-13	-8	-9	-10	1	-9	6	-6	-9	-5	-9	3	3
Prices received for finished product	-5	9	6	8	14	17	15	29	17	21	18	21	13
Prices paid for raw materials	14	16	8	18	18	38	42	42	34	51	47	43	40
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	-1	-6	-6	-3	-6	-9	-10	-21	-10	-15	-15	-9
Supplier delivery time	-3	-1	1	-3	-1	5	-1	13	0	5	7	7	4
Inventories: Materials	2	-10	-4	0	-11	2	4	-5	3	-9	8	-7	1
Inventories: Finished goods	5	-2	6	5	2	2	-8	5	0	1	6	-3	2
Versus a Year Ago													
(not seasonally adjusted)													
Composite Index	-17	-14	-18	-16	-9	-18	-7	-8	-5	-14	-5	-2	-7
Production	-24	-14	-14	-21	-9	-28	-9	-13	-15	-19	-17	-1	-7
Volume of shipments	-22	-6	-10	-24	-9	-22	-18	-19	-16	-22	-10	0	-7
Volume of new orders	-30	-18	-10	-30	-15	-22	-12	-19	-8	-24	-10	-3	-11
Backlog of orders	-36	-32	-27	-29	-19	-30	-24	-28	-29	-25	-19	-13	-14
Number of employees	-7	-5	-12	-1	-6	-18	-9	-14	-6	-16	-14	-6	-11
Average employee workweek	-17	-17	-16	-18	-23	-27	-10	-12	-18	-23	-11	-2	-12
Prices received for finished product	30	37	44	37	41	46	46	66	63	62	58	61	55
Prices paid for raw materials	41	30	27	41	34	52	67	76	67	75	67	69	74
Capital expenditures	-1	1	7	5	1	-1	3	-2	2	-4	-3	4	5
New orders for exports	-8	-8	-9	-3	-1	-7	-17	-17	-12	-15	-13	-21	-19
Supplier delivery time	-13	-16	-30	-17	-6	-6	-2	5	-2	-6	1	1	-3
Inventories: Materials	-10	-17	-24	-13	-9	-16	-3	3	6	-4	16	-1	-2
Inventories: Finished goods	-5	-2	-8	0	-11	-3	-5	-2	-3	-2	4	-5	-4
Expected in Six Months													
(seasonally adjusted)													
Composite Index	8	6	10	17	15	14	10	6	5	9	8	11	7
Production	20	25	22	40	28	30	24	4	8	19	14	20	18
Volume of shipments	13	20	22	31	23	28	20	9	9	15	11	15	13
Volume of new orders	12	13	16	35	30	27	20	3	8	16	8	14	9
Backlog of orders	-9	-7	2	2	-5	-2	-7	-19	-11	-2	-5	3	-5
Number of employees	17	14	14	19	10	12	0	1	-2	7	4	10	12
Average employee workweek	-3	0	-2	7	11	2	-3	-16	-10	-10	-1	4	4
Prices received for finished product	32	33	30	32	30	47	39	59	46	48	48	45	36
Prices paid for raw materials	33	37	33	35	48	60	57	71	51	64	64	61	58
Capital expenditures	10	3	15	8	20	9	13	-10	18	9	-4	-3	4
New orders for exports	4	6	-7	0	0	-5	-5	-13	-7	-7	-8	-9	-9
Supplier delivery time	-2	-6	-1	-4	4	6	7	8	-3	3	5	0	1
Inventories: Materials	-5	-14	-3	-4	2	-5	0	12	16	-1	8	11	-3
Inventories: Finished goods	-8	-5	-6	8	-2	-6	-9	0	0	-4	9	4	3