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CONTACT: Sarah Dickson
(405) 827-7294
Sarah.Dickson@kc.frb.org

Tenth District Manufacturing Activity Was Unchanged in January
Federal Reserve Bank of Kansas City Releases January Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the January Manufacturing Survey today. According to Courtney Cowley, assistant vice president and Oklahoma City Branch executive, the survey revealed that Tenth District manufacturing was unchanged, while expectations for future activity cooled but remained expansionary.

“Regional manufacturing activity and employment levels stayed steady in January, and firms expect moderate growth in the near-term,” said Cowley. “However, contacts cited slowing domestic demand conditions, geopolitical uncertainty, and worker availability as concerns for this year.”

A summary of the January survey is below. The January survey incorporates new seasonal adjustment factors using Census X-13 ARIMA-SEATS, so historical indexes differ slightly from previously released numbers. The new seasonal factors will be used throughout 2026. 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.

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 was unchanged, and expectations for future activity cooled but remained expansionary (Chart 1, Tables 1 & 2). Prices paid for raw materials increased further this month, while finished product prices growth cooled.

Factory Activity Was Unchanged

The month-over-month composite index was 0 in January, unchanged from 0 in December and down from 7 in November (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 activity declined, while durable manufacturing activity grew slightly driven by nonmetallic mineral and metal manufacturing. The month-over-month indexes were mostly positive. The volume of new orders and employment indexes were unchanged from last month at 0. The year-over-year indexes remained mixed. Production grew slightly, but capital expenditures decreased from 14 to 4 and employment fell from -7 to -11. Expectations for future activity cooled but remained expansionary with the composite decreasing from 10 to 7. However, expectations for production and shipments increased from last month's readings.

Special Questions

This month, contacts were asked special questions about labor demand and factors negatively impacting business. Over half (57%) of firms reported there were little to no changes in labor demand in the past year, while 7% shifted demand towards different roles, 14% reduced labor demand, 17% of firms increased overall labor demand, and 6% of firms are still evaluating impacts (Chart 2). Firms were also asked about concerns they have in 2026. Over a third (39%) of firms reported they are concerned about domestic demand for goods/services negatively impacting their business, 8% reported they are concerned about availability of inputs, 3% reported they are concerned about credit access, and 2% are concerned about the borrowing rate. Approximately a quarter (24%) of firms reported they are concerned about geopolitical uncertainty, 21% are concerned about worker availability, and 3% are concerned about the tax rate (Chart 3).

Selected Manufacturing Comments

“We are very concerned about demand for our product.”

“January is typically a slow month for us over the past 17 years of business.”

“Past six months have been strong, and the near future appears to be headed in the same direction. Steady, sustainable growth.”

“Demand is lower.”

“Planning is very difficult with the constant changes.”

“Seeing stagnant to down results so far.”

“Our quote activity is up nicely, which indicates orders should soon be rising as well.”

“Uncertainty.”

Table 1. Summary of Tenth District Manufacturing Conditions, January 2026

Plant Level Indicators	January vs. December (percent)*						January 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	0				-4					10	7	
Production	22	50	28	-6	-2	34	27	39	-5	39	41	20	20	20	16	
Volume of shipments	25	44	31	-6	-2	34	24	42	-9	42	40	19	23	23	16	
Volume of new orders	27	50	23	4	0	32	29	39	-7	40	40	20	19	19	17	
Backlog of orders	24	44	32	-8	-11	23	36	41	-18	23	51	26	-3	-3	-9	
Number of employees	11	75	14	-4	0	27	36	37	-11	26	59	15	11	11	3	
Average employee workweek	13	74	12	1	4	13	65	21	-8	17	73	10	7	7	2	
Prices received for finished product	26	66	8	18	19	64	27	10	54	49	43	8	41	41	47	
Prices paid for raw materials	41	56	4	37	44	75	17	8	67	57	41	3	54	54	62	
Capital expenditures						26	52	22	4	28	50	22	6	6	5	
New orders for exports	8	81	11	-3	-6	12	68	21	-9	9	76	15	-6	-6	-9	
Supplier delivery time	11	87	3	8	8	19	70	11	9	13	81	6	7	7	6	
Inventories: Materials	16	63	21	-5	-4	26	42	32	-6	20	55	25	-4	-4	-9	
Inventories: Finished goods	21	63	16	4	4	27	50	23	4	21	64	14	7	7	6	

*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 January survey was open for a seven-day period from January 14-20, 2026 and included 113 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

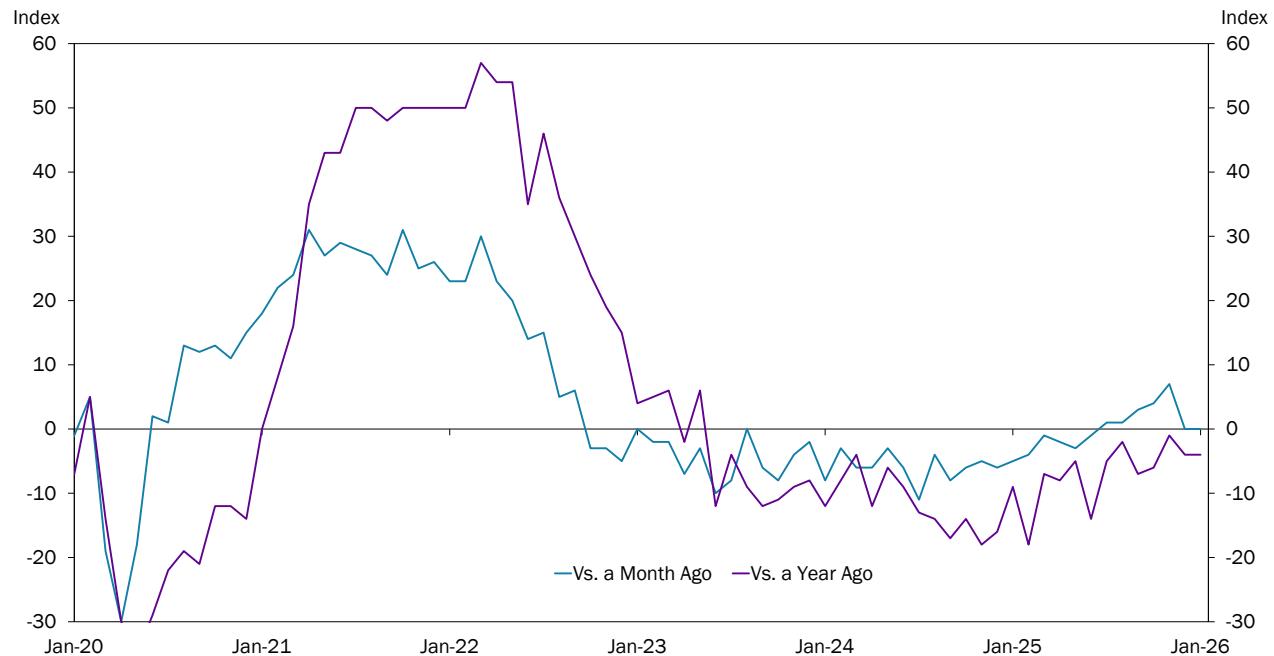


Chart 2. Special Question: Over the past year, how has your firm's demand for labor changed due to structural factors (not short-term economic conditions)?

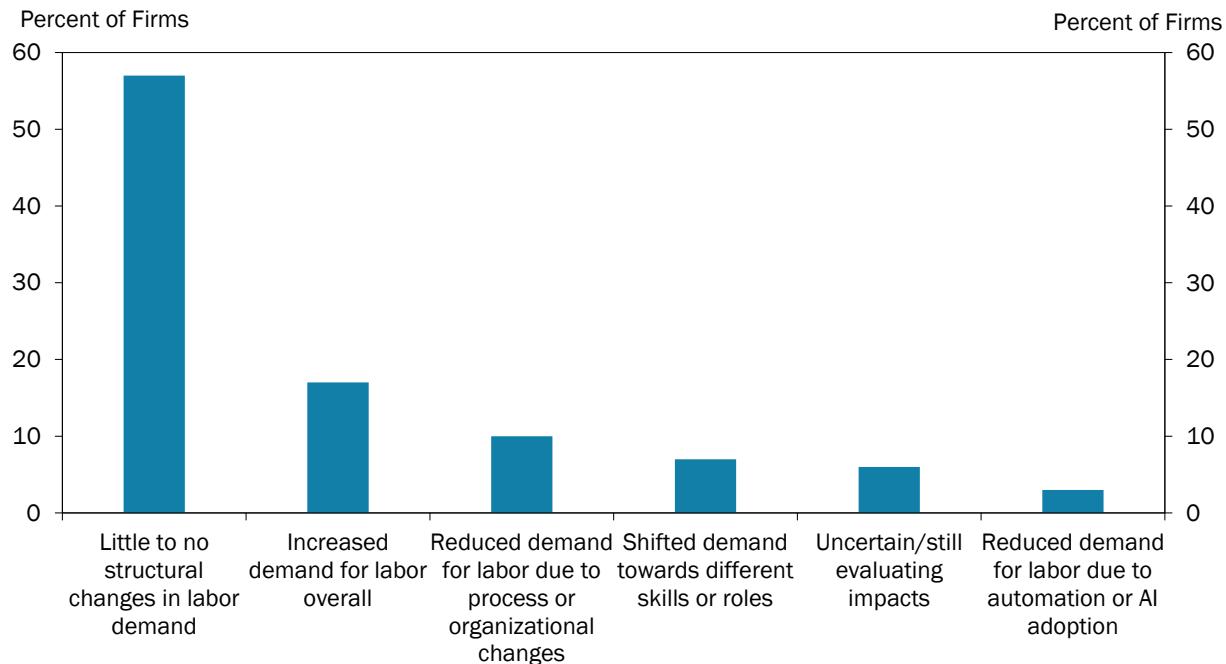


Chart 3. Special Question: Thinking about 2026, how concerned are you about the following negatively impacting your business?

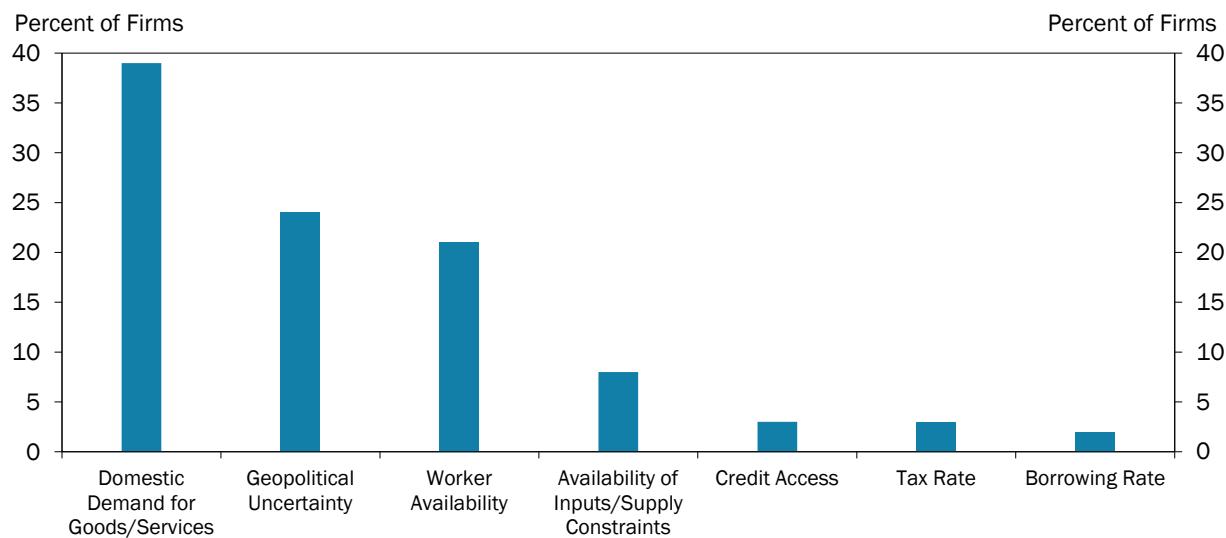


Table 2
Historical Manufacturing Survey Indexes

	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26
versus a Month Ago (seasonally adjusted)													
Composite Index	-5	-4	-1	-2	-3	-1	1	1	3	4	7	0	0
Production	-7	-9	1	-3	-8	3	-1	-1	3	10	14	-3	-2
Volume of shipments	-3	-8	-2	0	-6	6	3	5	6	11	16	0	-2
Volume of new orders	-8	-6	-8	-9	-7	-2	2	4	1	0	-2	-2	0
Backlog of orders	-16	-13	-8	-19	-20	-12	-28	-14	-11	-2	-7	-5	-11
Number of employees	-2	-11	-3	-9	-3	-4	-9	0	6	0	10	-4	0
Average employee workweek	-3	-7	6	-6	-7	-4	-6	2	2	-3	1	3	4
Prices received for finished product	14	17	15	28	17	20	18	20	16	18	14	24	19
Prices paid for raw materials	23	39	41	42	35	48	45	42	40	40	36	41	44
Capital expenditures	n/a												
New orders for exports	-4	-7	-9	-10	-18	-10	-14	-14	-9	-5	-4	-5	-6
Supplier delivery time	1	3	1	14	2	5	7	7	4	9	13	7	8
Inventories: Materials	-8	1	3	-4	1	-5	8	-6	-1	-1	-1	1	-4
Inventories: Finished goods	2	2	-3	3	0	1	5	-2	1	1	2	2	4
versus a Year Ago (not seasonally adjusted)													
Composite Index	-9	-18	-7	-8	-5	-14	-5	-2	-7	-6	-1	-4	-4
Production	-9	-28	-9	-13	-15	-19	-17	-1	-7	-3	-3	-8	-5
Volume of shipments	-9	-22	-18	-19	-16	-22	-10	0	-7	-7	-1	-5	-9
Volume of new orders	-15	-22	-12	-19	-8	-24	-10	-3	-11	-14	-3	2	-7
Backlog of orders	-19	-30	-24	-28	-29	-25	-19	-13	-14	-26	-12	-21	-18
Number of employees	-6	-18	-9	-14	-6	-16	-14	-6	-11	-12	5	-7	-11
Average employee workweek	-23	-27	-10	-12	-18	-23	-11	-2	-12	-10	-6	-10	-8
Prices received for finished product	41	46	46	66	63	62	58	61	55	52	50	58	54
Prices paid for raw materials	34	52	67	76	67	75	67	69	74	71	64	68	67
Capital expenditures	1	-1	3	-2	2	-4	-3	4	5	4	9	14	4
New orders for exports	-1	-7	-17	-17	-12	-15	-13	-21	-19	-14	-11	-12	-9
Supplier delivery time	-6	-6	-2	5	-2	-6	1	1	-3	6	5	3	9
Inventories: Materials	-9	-16	-3	3	6	-4	16	-1	-2	-6	-9	-10	-6
Inventories: Finished goods	-11	-3	-5	-2	-3	-2	4	-5	-4	-1	2	4	4
Expected in Six Months (seasonally adjusted)													
Composite Index	15	13	11	5	7	9	9	11	8	14	9	10	7
Production	29	28	24	5	10	20	17	21	19	33	17	13	16
Volume of shipments	25	25	19	12	11	16	13	16	14	28	15	9	16
Volume of new orders	29	24	19	3	11	17	10	14	11	11	13	12	17
Backlog of orders	-5	-3	-7	-17	-10	-2	-5	1	-4	3	-1	-2	-9
Number of employees	10	10	3	3	1	7	5	9	11	10	11	17	3
Average employee workweek	8	2	-2	-14	-7	-8	0	3	4	10	5	5	2
Prices received for finished product	34	46	42	58	46	46	45	42	36	38	32	39	47
Prices paid for raw materials	48	59	59	67	50	63	63	61	59	61	61	59	62
Capital expenditures	17	10	11	-11	17	8	-2	1	4	5	1	9	5
New orders for exports	-1	-5	-5	-12	-8	-7	-8	-8	-9	-8	-6	-4	-9
Supplier delivery time	4	5	6	7	-1	3	5	1	2	16	5	5	6
Inventories: Materials	1	-3	1	10	14	0	6	8	-2	0	-3	2	-9
Inventories: Finished goods	-1	-3	-7	-1	-1	-4	8	3	3	3	0	7	6