

FOR IMMEDIATE RELEASE

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Tenth District Manufacturing Activity Continued to Increase 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 Cortney Cowley, assistant vice president and Oklahoma City Branch executive, the survey revealed that business activity in the Tenth District manufacturing sector continued to increase, while expectations for future activity remained positive.

“District manufacturing activity rose further in May, and firms anticipate continued growth in the months ahead,” said Cowley. “Firms continued to cite elevated cost pressures. Nearly two-thirds reported their input prices were changing more frequently than in 2025.”

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 continued to increase, while expectations for future activity grew slightly from last month (Chart 1, Tables 1 & 2). Raw materials prices remained elevated this month, while growth for finished products rose modestly.

Factory Activity Continued to Increase

The month-over-month composite index was 8 in May, down from 10 in April and 11 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. Durable manufacturing activity growth slowed further, driven by declines in transportation equipment, while nondurable manufacturing activity continued to increase, driven primarily by paper and printing manufacturing. Most month-over-month indexes were positive except for new orders for exports, employee count, and raw material inventories. The year-over-year composite index increased moderately from 6 to 17, as all indexes were positive except for new orders for exports, and most showed increases from last month. Expectations for future activity continued to increase slightly with the composite index increasing from 18 to 19, as expectations for employment increased.

Special Questions

This month, contacts were asked special questions about changes in input and output prices and hiring and capital investment plan changes. A quarter of firms reported their input prices are changing at about the same rate as last year, 65% reported their input prices are changing more often, and 10% reported their input prices are changing less often. Over half (53%) of firms reported their output prices are changing at about the same rate as 2025, 33% reported output prices are changing more often, and 14% reported their output prices are changing less often (Chart 2). Firms were also asked about any changes in their hiring and capital investment plans since the start of the year. Over half (58%) of firms have not changed their hiring plans since the start of the year, 22% expect to hire more workers, and 20% expect to hire less workers. Almost a quarter (23%) of firms expect to decrease capital investments, 15% expect to increase capital investments, and 62% of firms have not changed their capital investment plans (Chart 3).

Selected Manufacturing Comments

“Demand is slowly increasing with expectations for this slow pace of acceleration to continue through the balance of this year.”

“As price pressures increase from customers and material prices continue to increase and employees continue to demand better wages and benefits, manufacturers are getting squeezed to operate razor thin margins leaving very little room for reinvestment in the company.”

“Fuel costs are driving delivered prices up and increasing raw material prices.”

“Fuel charges are having a detrimental effect on our business.”

“Sales have come to a stop.”

“Qualified applicants for open positions continue to be in shortage. We have significant open positions.”

“Extremely worried about input costs.”

“It has been hard to find employees; it is starting to effect business.”

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

| 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 | | | | 13 | 8 | | | | 17 | | | | 17 | 19 | |
| Production | 37 | 42 | 22 | 15 | 9 | 48 | 21 | 31 | 17 | 39 | 47 | 14 | 25 | 28 | |
| Volume of shipments | 37 | 40 | 24 | 13 | 7 | 51 | 19 | 30 | 22 | 44 | 41 | 15 | 29 | 34 | |
| Volume of new orders | 37 | 41 | 22 | 15 | 13 | 53 | 25 | 22 | 31 | 41 | 41 | 18 | 23 | 28 | |
| Backlog of orders | 33 | 49 | 18 | 15 | 14 | 39 | 33 | 28 | 11 | 29 | 49 | 23 | 6 | 7 | |
| Number of employees | 23 | 61 | 16 | 7 | -4 | 32 | 38 | 30 | 2 | 29 | 63 | 9 | 20 | 25 | |
| Average employee workweek | 16 | 75 | 9 | 8 | 6 | 22 | 62 | 16 | 6 | 18 | 71 | 10 | 8 | 9 | |
| Prices received for finished product | 37 | 61 | 2 | 35 | 29 | 76 | 19 | 5 | 72 | 60 | 37 | 3 | 58 | 58 | |
| Prices paid for raw materials | 71 | 27 | 2 | 69 | 63 | 92 | 6 | 3 | 89 | 76 | 22 | 2 | 75 | 75 | |
| Capital expenditures | | | | | | 24 | 54 | 23 | 1 | 29 | 56 | 15 | 14 | 13 | |
| New orders for exports | 5 | 85 | 10 | -5 | -3 | 10 | 77 | 13 | -3 | 9 | 80 | 11 | -2 | -7 | |
| Supplier delivery time | 27 | 69 | 4 | 24 | 24 | 36 | 58 | 7 | 29 | 23 | 71 | 7 | 16 | 15 | |
| Inventories: Materials | 24 | 57 | 20 | 4 | -1 | 29 | 45 | 25 | 4 | 24 | 53 | 24 | 0 | 2 | |
| Inventories: Finished goods | 23 | 67 | 10 | 12 | 9 | 25 | 57 | 18 | 7 | 18 | 68 | 14 | 4 | 5 | |

*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 May survey was open for a six-day period from May 13-18, 2026 and included 106 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

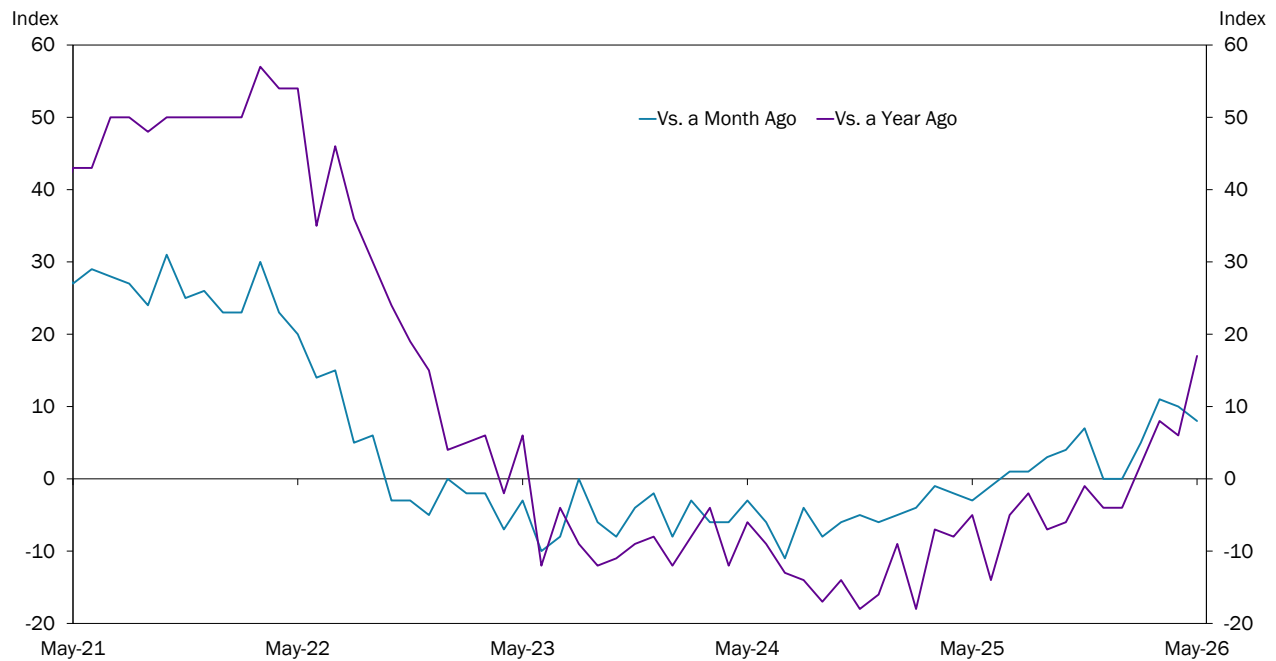


Chart 2. Special Question: Compared to last year, how frequently are your input and output prices changing?

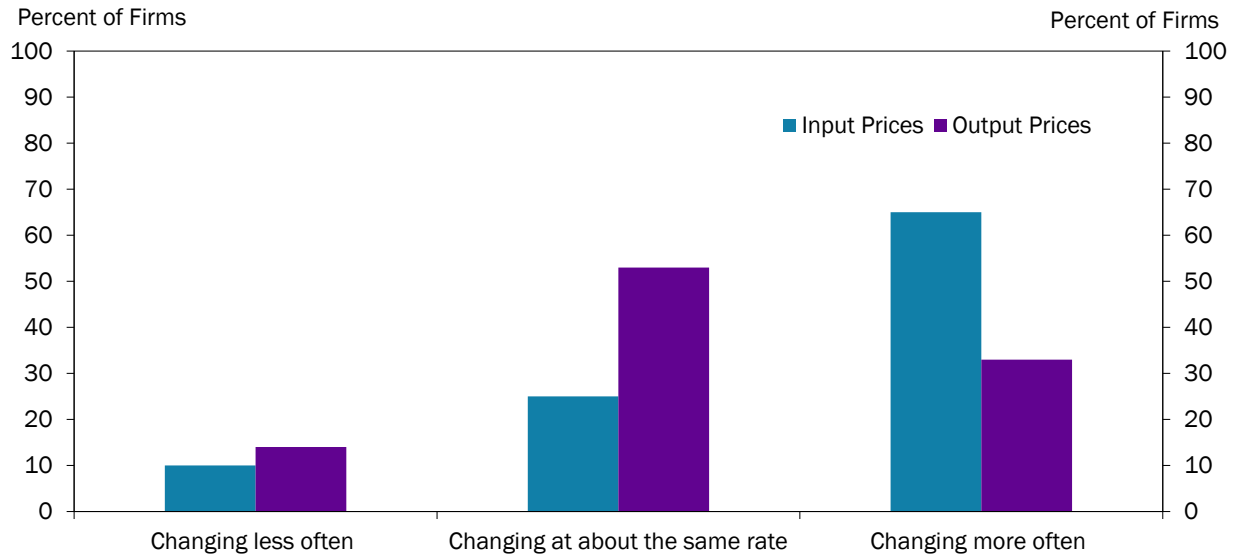


Chart 3. Special Question: Since the start of the year, have your firm's hiring and capital investment plans changed for the remainder of 2026?

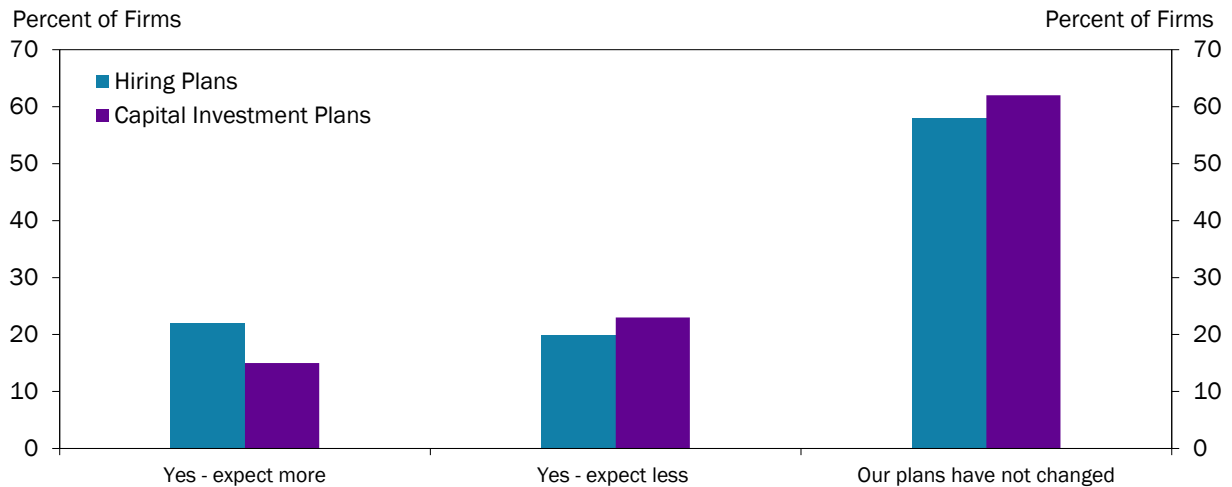


Table 2
Historical Manufacturing Survey Indexes

| | May'25 | Jun'25 | Jul'25 | Aug'25 | Sep'25 | Oct'25 | Nov'25 | Dec'25 | Jan'26 | Feb'26 | Mar'26 | Apr'26 | May'26 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Versus a Month Ago (seasonally adjusted) | | | | | | | | | | | | | |
| Composite Index | -3 | -1 | 1 | 1 | 3 | 4 | 7 | 0 | 0 | 5 | 11 | 10 | 8 |
| Production | -8 | 3 | -1 | -1 | 3 | 10 | 14 | -3 | -2 | 10 | 11 | 10 | 9 |
| Volume of shipments | -6 | 6 | 3 | 5 | 6 | 11 | 16 | 0 | -2 | 11 | 20 | 15 | 7 |
| Volume of new orders | -7 | -2 | 2 | 4 | 1 | 0 | -2 | -2 | 0 | 7 | 15 | 12 | 13 |
| Backlog of orders | -20 | -12 | -28 | -14 | -11 | -2 | -7 | -5 | -11 | 8 | 13 | 2 | 14 |
| Number of employees | -3 | -4 | -9 | 0 | 6 | 0 | 10 | -4 | 0 | -6 | 7 | 2 | -4 |
| Average employee workweek | -7 | -4 | -6 | 2 | 2 | -3 | 1 | 3 | 4 | 6 | 7 | 7 | 6 |
| Prices received for finished product | 17 | 20 | 18 | 20 | 16 | 18 | 14 | 24 | 19 | 18 | 19 | 25 | 29 |
| Prices paid for raw materials | 35 | 48 | 45 | 42 | 40 | 40 | 36 | 41 | 44 | 42 | 37 | 63 | 63 |
| 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 | -18 | -10 | -14 | -14 | -9 | -5 | -4 | -5 | -6 | 0 | -4 | -3 | -3 |
| Supplier delivery time | 2 | 5 | 7 | 7 | 4 | 9 | 13 | 7 | 8 | 7 | 18 | 20 | 24 |
| Inventories: Materials | 1 | -5 | 8 | -6 | -1 | -1 | -1 | 1 | -4 | 6 | 3 | 8 | -1 |
| Inventories: Finished goods | 0 | 1 | 5 | -2 | 1 | 1 | 2 | 2 | 4 | 10 | 4 | 11 | 9 |
| Versus a Year Ago (not seasonally adjusted) | | | | | | | | | | | | | |
| Composite Index | -5 | -14 | -5 | -2 | -7 | -6 | -1 | -4 | -4 | 2 | 8 | 6 | 17 |
| Production | -15 | -19 | -17 | -1 | -7 | -3 | -3 | -8 | -5 | 4 | 8 | 8 | 17 |
| Volume of shipments | -16 | -22 | -10 | 0 | -7 | -7 | -1 | -5 | -9 | 4 | 17 | 5 | 22 |
| Volume of new orders | -8 | -24 | -10 | -3 | -11 | -14 | -3 | 2 | -7 | 3 | 16 | 11 | 31 |
| Backlog of orders | -29 | -25 | -19 | -13 | -14 | -26 | -12 | -21 | -18 | -2 | 9 | -5 | 11 |
| Number of employees | -6 | -16 | -14 | -6 | -11 | -12 | 5 | -7 | -11 | -6 | -7 | -12 | 2 |
| Average employee workweek | -18 | -23 | -11 | -2 | -12 | -10 | -6 | -10 | -8 | -4 | 2 | -3 | 6 |
| Prices received for finished product | 63 | 62 | 58 | 61 | 55 | 52 | 50 | 58 | 54 | 58 | 52 | 57 | 72 |
| Prices paid for raw materials | 67 | 75 | 67 | 69 | 74 | 71 | 64 | 68 | 67 | 81 | 72 | 88 | 89 |
| Capital expenditures | 2 | -4 | -3 | 4 | 5 | 4 | 9 | 14 | 4 | 8 | 5 | 6 | 1 |
| New orders for exports | -12 | -15 | -13 | -21 | -19 | -14 | -11 | -12 | -9 | 5 | -9 | 1 | -3 |
| Supplier delivery time | -2 | -6 | 1 | 1 | -3 | 6 | 5 | 3 | 9 | 8 | 14 | 21 | 29 |
| Inventories: Materials | 6 | -4 | 16 | -1 | -2 | -6 | -9 | -10 | -6 | 4 | 7 | -1 | 4 |
| Inventories: Finished goods | -3 | -2 | 4 | -5 | -4 | -1 | 2 | 4 | 4 | -1 | -3 | 1 | 7 |
| Expected in Six Months (seasonally adjusted) | | | | | | | | | | | | | |
| Composite Index | 7 | 9 | 9 | 11 | 8 | 14 | 9 | 10 | 7 | 15 | 16 | 18 | 19 |
| Production | 10 | 20 | 17 | 21 | 19 | 33 | 17 | 13 | 16 | 24 | 26 | 31 | 28 |
| Volume of shipments | 11 | 16 | 13 | 16 | 14 | 28 | 15 | 9 | 16 | 30 | 27 | 29 | 34 |
| Volume of new orders | 11 | 17 | 10 | 14 | 11 | 11 | 13 | 12 | 17 | 14 | 23 | 27 | 28 |
| Backlog of orders | -10 | -2 | -5 | 1 | -4 | 3 | -1 | -2 | -9 | -1 | 6 | 8 | 7 |
| Number of employees | 1 | 7 | 5 | 9 | 11 | 10 | 11 | 17 | 3 | 22 | 15 | 18 | 25 |
| Average employee workweek | -7 | -8 | 0 | 3 | 4 | 10 | 5 | 5 | 2 | 7 | 8 | 5 | 9 |
| Prices received for finished product | 46 | 46 | 45 | 42 | 36 | 38 | 32 | 39 | 47 | 37 | 40 | 46 | 58 |
| Prices paid for raw materials | 50 | 63 | 63 | 61 | 59 | 61 | 61 | 59 | 62 | 56 | 61 | 67 | 75 |
| Capital expenditures | 17 | 8 | -2 | 1 | 4 | 5 | 1 | 9 | 5 | 13 | 8 | 5 | 13 |
| New orders for exports | -8 | -7 | -8 | -8 | -9 | -8 | -6 | -4 | -9 | 7 | 1 | 8 | -7 |
| Supplier delivery time | -1 | 3 | 5 | 1 | 2 | 16 | 5 | 5 | 6 | 11 | 13 | 9 | 15 |
| Inventories: Materials | 14 | 0 | 6 | 8 | -2 | 0 | -3 | 2 | -9 | 3 | 0 | 4 | 2 |
| Inventories: Finished goods | -1 | -4 | 8 | 3 | 3 | 3 | 0 | 7 | 6 | 3 | 3 | 0 | 5 |