

FOR IMMEDIATE RELEASE

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Tenth District Manufacturing Activity Rose Moderately 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 Cortney Cowley, assistant vice president and Oklahoma City Branch executive, the survey revealed that business activity in the Tenth District manufacturing sector rose moderately, while expectations for future activity remained expansionary.

“District manufacturing activity rose moderately in June, and prices continued to increase, with price indexes reaching their highest levels since 2022,” said Cowley. “Nearly half of manufacturers reported passing through less than 20% of cost increases to customers, while about a third reported passing through more than 60%.”

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 rose moderately, with further growth expected in six months (Chart 1, Tables 1 & 2). Price indexes for finished products and raw materials continued to increase at a faster pace than last month and marked their highest levels since 2022.

Factory Activity Rose Moderately

The month-over-month composite index was 11 in June, up from 8 in May and 10 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. Growth in the durable manufacturing sector was driven primarily by transportation equipment manufacturing, while growth in the nondurable manufacturing sector was driven by food manufacturing. All month-over-month indexes were positive except for the inventory indexes. Production, new orders, and employment all saw higher readings than last month. The year-over-year composite index fell from 17 to 15, but all indexes were positive. Growth in new orders and production cooled to 19 and 20, respectively, while capital expenditures remained most steady at a reading of 2. Expectations for future activity remained expansionary with the composite index staying at 19.

Special Questions

This month, contacts were asked special questions about their ability to pass through prices and supply chain change expectations. Almost two-fifths (38%) of firms reported that they are currently able to pass through 0-20% of the higher costs from inputs and labor, 10% of firms are able to pass through 20-40%, 10% are able to pass through 40-60%, 11% can pass through 60-80%, 19% can pass through 80-100%, 4% can pass through more than 100%, and 8% of firms had to decrease prices. Over a third (37%) of firms reported that they will be able to pass through 0-20% of higher costs in the next 12 months, 9% of firms will be able to pass through 20-40%, 13% will be able to pass through 40-60%, 12% will pass through 60-80%, 16% will pass through 80-100%, 7% will be able to pass through more than 100%, and 6% of firms had to decrease prices (Chart 2). Firms were also asked about any expectations for supply chain disruptions and shortages to change in the next 6 months. Almost half (46%) of firms expect no change, 3% expect them to significantly decrease, 21% expect them to slightly decrease, 27% expect them to slightly increase, and 3% expect them to significantly increase. (Chart 3).

Selected Manufacturing Comments

“Cost increases are coming in across all supply categories. We are passing these along to our clients.”

“We are seeing slow growth with expectations for that growth to increase into early 2027. As such, we are not cutting staff/capacity as we believe we'll need it soon.”

“Demand for our products has slowed down significantly due to gas prices.”

“Geopolitical instability continues to impact our business.”

“From a sales and potential sales perspective business is quite good. Much better than expected and much better than Q1. Cost input is the problem. Mostly driven by freight/energy costs.”

“Our business levels are strong, and we are investing in new equipment and automation in order to increase production despite worker shortages.”

“In business, predictability and stability are very important, we have none of that.”

“Still concerns with high costs.”

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

Plant Level Indicators	June vs. May (percent)*					June 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				10	11				15				17	19	
Production	36	48	16	20	19	47	25	28	19	42	44	14	28	29	
Volume of shipments	39	45	16	23	20	47	27	27	20	40	47	13	27	30	
Volume of new orders	32	44	24	8	13	47	26	27	20	37	45	18	19	22	
Backlog of orders	26	52	22	5	4	39	36	25	14	24	59	17	7	6	
Number of employees	25	59	16	8	10	37	36	27	10	30	55	15	15	19	
Average employee workweek	13	75	12	1	2	19	63	18	1	16	75	8	8	13	
Prices received for finished product	37	60	3	34	33	75	21	5	70	53	44	3	50	52	
Prices paid for raw materials	68	31	1	67	68	88	8	4	84	69	28	3	66	68	
Capital expenditures						25	51	24	2	25	51	24	1	0	
New orders for exports	8	84	9	-1	0	13	76	12	1	11	79	11	0	0	
Supplier delivery time	19	78	3	16	16	30	62	9	21	19	74	7	13	13	
Inventories: Materials	22	56	23	-1	-1	29	44	26	3	27	55	18	9	12	
Inventories: Finished goods	16	63	21	-5	-5	26	49	26	0	17	66	17	0	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 June survey was open for a six-day period from June 17-22, 2026 and included 106 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

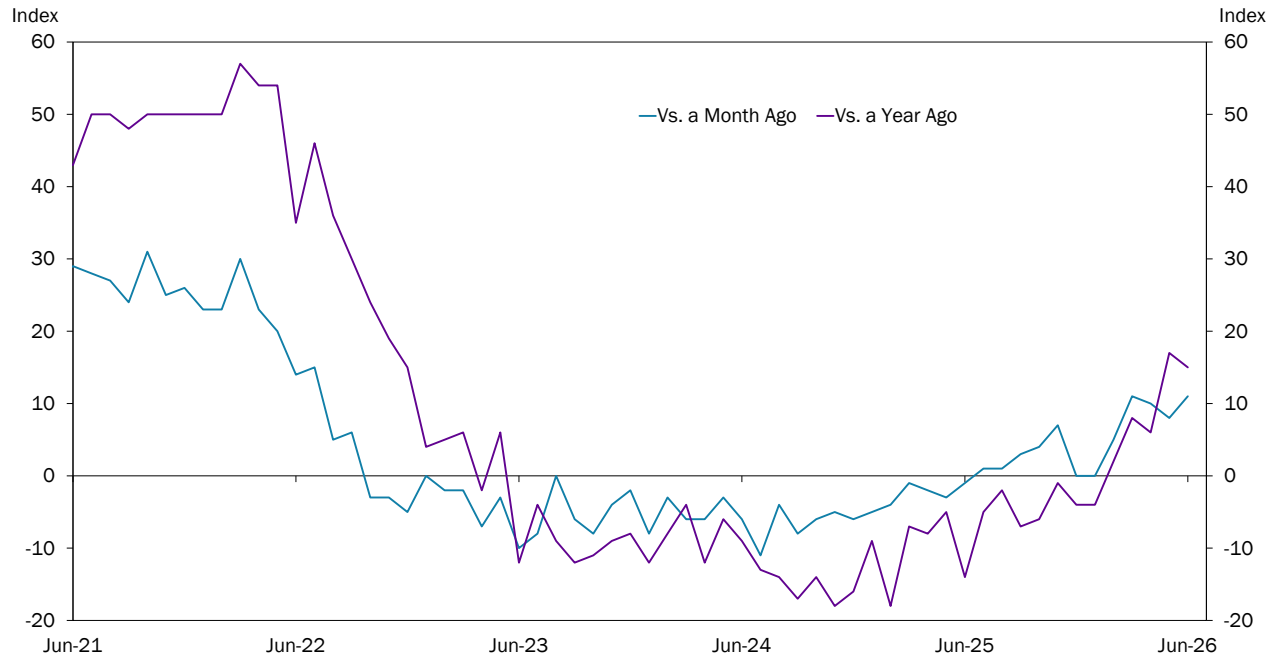


Chart 2. Special Question: If your firm is facing higher costs, what share of those increases are you able to pass through to customers in the form of higher prices and what share do you expect to pass through in the next 12 months?

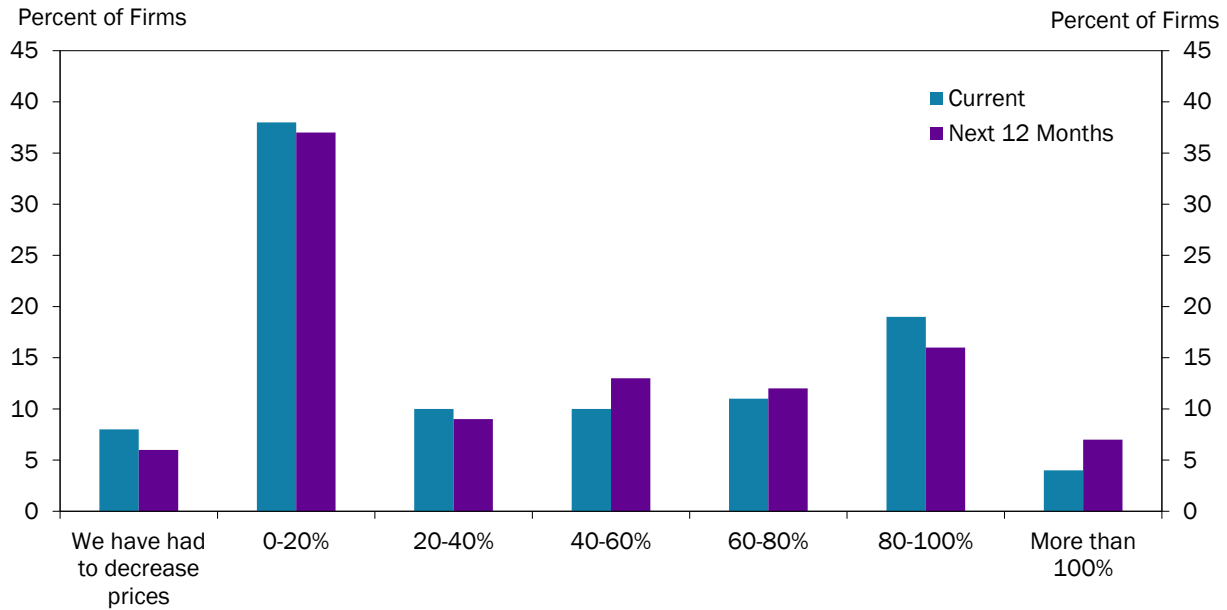


Chart 3. Special Question: How does your firm expect supply chain disruptions and shortages to change in the next 6 months?

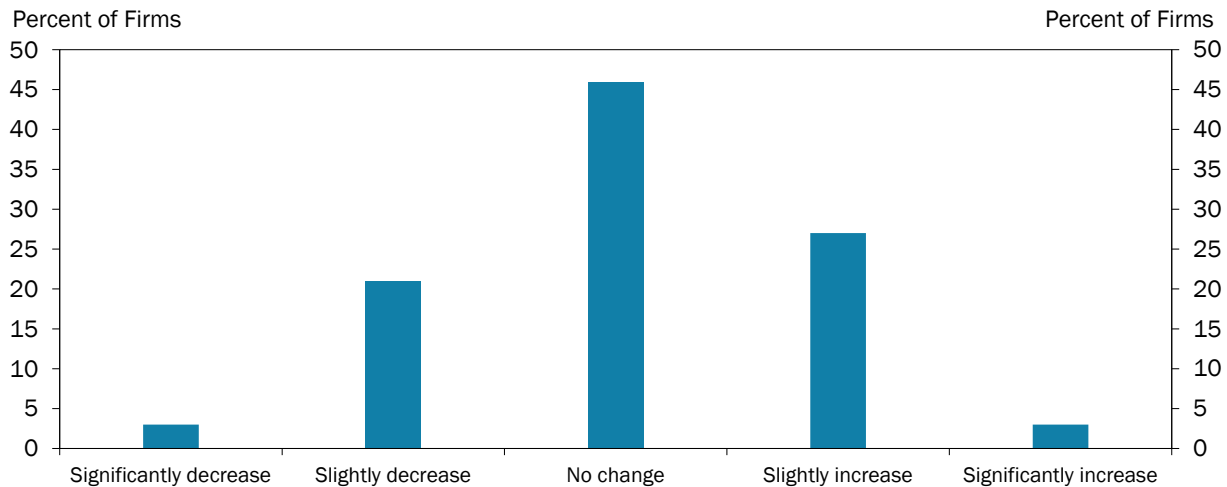


Table 2
Historical Manufacturing Survey Indexes

	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26
Versus a Month Ago (seasonally adjusted)													
Composite Index	-1	1	1	3	4	7	0	0	5	11	10	8	11
Production	3	-1	-1	3	10	14	-3	-2	10	11	10	9	19
Volume of shipments	6	3	5	6	11	16	0	-2	11	20	15	7	20
Volume of new orders	-2	2	4	1	0	-2	-2	0	7	15	12	13	13
Backlog of orders	-12	-28	-14	-11	-2	-7	-5	-11	8	13	2	14	4
Number of employees	-4	-9	0	6	0	10	-4	0	-6	7	2	-4	10
Average employee workweek	-4	-6	2	2	-3	1	3	4	6	7	7	6	2
Prices received for finished product	20	18	20	16	18	14	24	19	18	19	25	29	33
Prices paid for raw materials	48	45	42	40	40	36	41	44	42	37	63	63	68
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	-10	-14	-14	-9	-5	-4	-5	-6	0	-4	-3	-3	0
Supplier delivery time	5	7	7	4	9	13	7	8	7	18	20	24	16
Inventories: Materials	-5	8	-6	-1	-1	-1	1	-4	6	3	8	-1	-1
Inventories: Finished goods	1	5	-2	1	1	2	2	4	10	4	11	9	-5
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-14	-5	-2	-7	-6	-1	-4	-4	2	8	6	17	15
Production	-19	-17	-1	-7	-3	-3	-8	-5	4	8	8	17	19
Volume of shipments	-22	-10	0	-7	-7	-1	-5	-9	4	17	5	22	20
Volume of new orders	-24	-10	-3	-11	-14	-3	2	-7	3	16	11	31	20
Backlog of orders	-25	-19	-13	-14	-26	-12	-21	-18	-2	9	-5	11	14
Number of employees	-16	-14	-6	-11	-12	5	-7	-11	-6	-7	-12	2	10
Average employee workweek	-23	-11	-2	-12	-10	-6	-10	-8	-4	2	-3	6	1
Prices received for finished product	62	58	61	55	52	50	58	54	58	52	57	72	70
Prices paid for raw materials	75	67	69	74	71	64	68	67	81	72	88	89	84
Capital expenditures	-4	-3	4	5	4	9	14	4	8	5	6	1	2
New orders for exports	-15	-13	-21	-19	-14	-11	-12	-9	5	-9	1	-3	1
Supplier delivery time	-6	1	1	-3	6	5	3	9	8	14	21	29	21
Inventories: Materials	-4	16	-1	-2	-6	-9	-10	-6	4	7	-1	4	3
Inventories: Finished goods	-2	4	-5	-4	-1	2	4	4	-1	-3	1	7	0
Expected in Six Months (seasonally adjusted)													
Composite Index	9	9	11	8	14	9	10	7	15	16	18	19	19
Production	20	17	21	19	33	17	13	16	24	26	31	28	29
Volume of shipments	16	13	16	14	28	15	9	16	30	27	29	34	30
Volume of new orders	17	10	14	11	11	13	12	17	14	23	27	28	22
Backlog of orders	-2	-5	1	-4	3	-1	-2	-9	-1	6	8	7	6
Number of employees	7	5	9	11	10	11	17	3	22	15	18	25	19
Average employee workweek	-8	0	3	4	10	5	5	2	7	8	5	9	13
Prices received for finished product	46	45	42	36	38	32	39	47	37	40	46	58	52
Prices paid for raw materials	63	63	61	59	61	61	59	62	56	61	67	75	68
Capital expenditures	8	-2	1	4	5	1	9	5	13	8	5	13	0
New orders for exports	-7	-8	-8	-9	-8	-6	-4	-9	7	1	8	-7	0
Supplier delivery time	3	5	1	2	16	5	5	6	11	13	9	15	13
Inventories: Materials	0	6	8	-2	0	-3	2	-9	3	0	4	2	12
Inventories: Finished goods	-4	8	3	3	3	0	7	6	3	3	0	5	5