Manufacturing Survey

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Tenth District Manufacturing Activity Increased Further in August
Federal Reserve Bank of Kansas City Releases August Manufacturing Survey

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

"District manufacturing activity grew moderately in August, and firms expect more growth in the next six months," said Cowley. "Most firms reported technology improvements or reduced turnover as the primary factor increasing productivity, and about a third of firms reported their turnover for the year is lower than typical levels."

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 increased steadily, while expectations for future activity remained expansionary (Chart 1, Tables 1 & 2). The month-over-month price indexes for finished products and raw materials ticked up, while year-over-year price growth fell slightly.

Factory Activity Increased Steadily

The month-over-month composite index was 10 in August, up from 9 in July and down 11 in June (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 growth slowed, but nondurable manufacturing activity increased, driven primarily by paper and printing manufacturing. All month-over-month indexes were positive except for new orders for exports at -2. Both employment indexes fell somewhat from last month. The year-over-year composite index ticked up from 14 to 16, and all other indexes were positive except for new orders for exports. Growth in capital expenditures accelerated from 6 to 16. Expectations for future activity remained expansionary with the composite index at 20, as expectations for new orders increased.

Special Questions

This month, contacts were asked special questions about factors for increases in production and turnover. Almost two-fifths (39%) of firms reported their primary factor allowing them to increase production without adding workers was technology improvements, 22% of firms reported their primary factor was reduced turnover, 18% reported they have not been able to increase production without adding workers, 13% reported their primary factor was not listed, and 8% reported their primary factor was outsourcing, (Chart 2). Firms were also asked about their employee turnover this year compared to their typical turnover level. Nearly half of firms (44%) reported unchanged turnover, 31% reported it to be slightly lower, 17% reported it to be slightly higher, 4% reported turnover this year to be significantly lower than their typical level, and 4% reported this year's turnover is significantly higher than their typical turnover level. (Chart 3).

Selected Manufacturing Comments

“Our costs have escalated so high, other products are becoming more competitive with us, causing us to lose that competitive advantage.”

“Our growth dictated that we must invest in capital equipment. The cost of financing was painful, but we really had no choice but to absorb the higher cost of capital.”

“New orders have been soft so far this quarter.”

“It's difficult for our customers to plan and that hurts us.”

“High costs, along with uncertainty and volatility, continue to create challenges for us and many other small businesses.”

“Manufacturers are starting to lower inventories. Numerous price increases have been coming from input suppliers but are difficult to pass on.”

“Our goal this year was to preserve capital and work to build up reserves and pay down current debt. We can increase efficiency through other methods rather than large capital outlays in the short term. Let's build the work load up, then come back and make the capital investments in efficiency.”

“Increased costs and unpredictability continue to be a concern.”

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

	August vs. July (percent)*					August vs. Year Ago (percent)*				Expected in Six Months (percent)*				
Plant Level Indicators	Increase	No Change	Decrease	Diff Index^	SA Index*^	Increase	No Change	Decrease	Diff Index^	Increase	No Change	Decrease	Diff Index^	SA Index*^
Composite Index				10	10				16				19	20
Production	38	40	21	17	17	47	25	27	20	53	28	19	33	35
Volume of shipments	40	39	21	19	17	45	22	32	13	53	26	21	31	37
Volume of new orders	41	35	24	17	16	54	21	25	28	48	35	16	32	36
Backlog of orders	29	46	25	4	4	39	36	24	15	27	52	21	6	10
Number of employees	19	61	20	-1	0	35	34	30	5	33	46	20	13	12
Average employee workweek	17	70	13	4	1	19	67	14	5	14	74	12	2	4
Prices received for finished product	39	55	6	33	36	79	12	9	69	61	34	5	56	57
Prices paid for raw materials	58	37	5	53	55	88	11	1	87	71	25	4	67	66
Capital expenditures						34	48	18	16	34	45	20	14	17
New orders for exports	8	80	11	-3	-2	7	76	17	-9	9	78	13	-3	1
Supplier delivery time	19	71	10	9	7	31	55	14	17	17	75	8	9	8
Inventories: Materials	25	59	16	9	11	34	39	26	8	28	53	19	9	9
Inventories: Finished goods	20	67	13	7	6	24	51	24	0	15	66	18	-3	-1

*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 August survey was open for a six-day period from August 19-24, 2026 and included 100 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

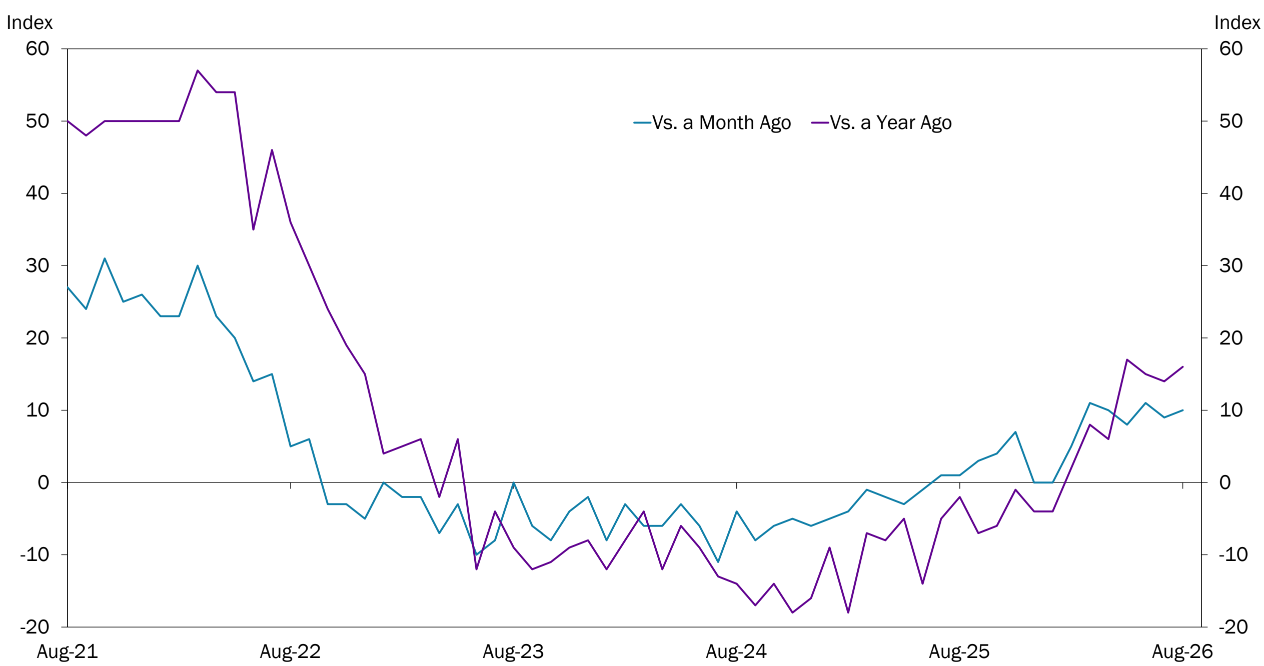

Chart 2. Special Question: What is the primary factor enabling you to increase production without adding workers?

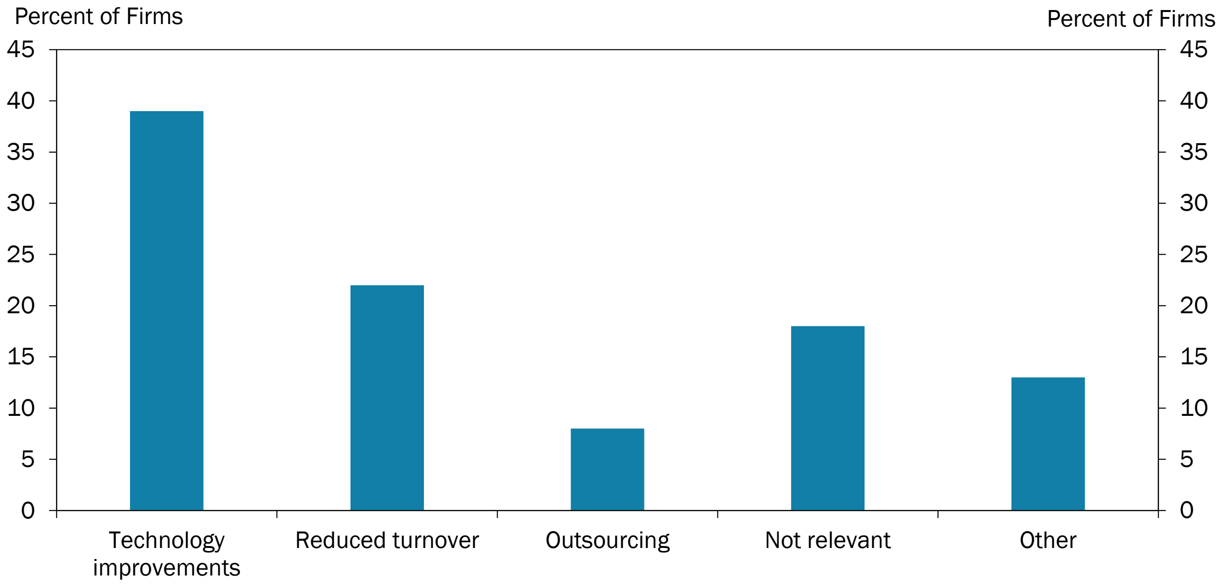

Chart 3. Special Question: How does turnover this year compare to the typical level of turnover at your company?

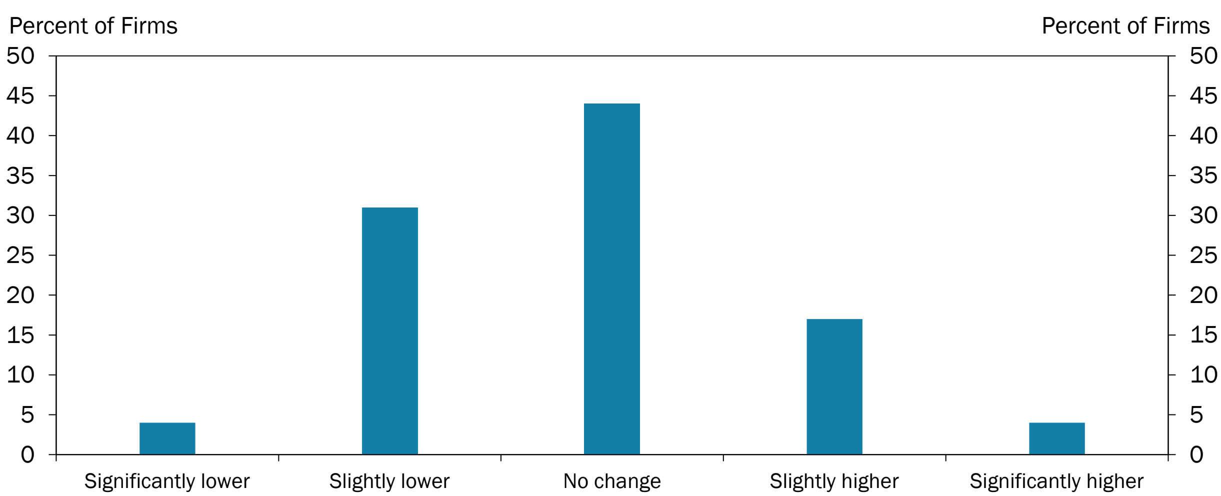

Table 2
Historical Manufacturing Survey Indexes

	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26	Jul'26	Aug'26
Versus a Month Ago													
(seasonally adjusted)													
Composite Index	1	3	4	7	0	0	5	11	10	8	11	9	10
Production	-1	3	10	14	-3	-2	10	11	10	9	19	17	17
Volume of shipments	5	6	11	16	0	-2	11	20	15	7	20	20	17
Volume of new orders	4	1	0	-2	-2	0	7	15	12	13	13	10	16
Backlog of orders	-14	-11	-2	-7	-5	-11	8	13	2	14	4	2	4
Number of employees	0	6	0	10	-4	0	-6	7	2	-4	10	2	0
Average employee workweek	2	2	-3	1	3	4	6	7	7	6	2	4	1
Prices received for finished product	20	16	18	14	24	19	18	19	25	29	33	28	36
Prices paid for raw materials	42	40	40	36	41	44	42	37	63	63	68	52	55
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	-14	-9	-5	-4	-5	-6	0	-4	-3	-3	0	-1	-2
Supplier delivery time	7	4	9	13	7	8	7	18	20	24	16	15	7
Inventories: Materials	-6	-1	-1	-1	1	-4	6	3	8	-1	-1	3	11
Inventories: Finished goods	-2	1	1	2	2	4	10	4	11	9	-5	15	6
Versus a Year Ago													
(not seasonally adjusted)													
Composite Index	-2	-7	-6	-1	-4	-4	2	8	6	17	15	14	16
Production	-1	-7	-3	-3	-8	-5	4	8	8	17	19	20	20
Volume of shipments	0	-7	-7	-1	-5	-9	4	17	5	22	20	25	13
Volume of new orders	-3	-11	-14	-3	2	-7	3	16	11	31	20	18	28
Backlog of orders	-13	-14	-26	-12	-21	-18	-2	9	-5	11	14	14	15
Number of employees	-6	-11	-12	5	-7	-11	-6	-7	-12	2	10	-1	5
Average employee workweek	-2	-12	-10	-6	-10	-8	-4	2	-3	6	1	8	5
Prices received for finished product	61	55	52	50	58	54	58	52	57	72	70	72	69
Prices paid for raw materials	69	74	71	64	68	67	81	72	88	89	84	92	87
Capital expenditures	4	5	4	9	14	4	8	5	6	1	2	6	16
New orders for exports	-21	-19	-14	-11	-12	-9	5	-9	1	-3	1	-7	-9
Supplier delivery time	1	-3	6	5	3	9	8	14	21	29	21	24	17
Inventories: Materials	-1	-2	-6	-9	-10	-6	4	7	-1	4	3	10	8
Inventories: Finished goods	-5	-4	-1	2	4	4	-1	-3	1	7	0	6	0
Expected in Six Months													
(seasonally adjusted)													
Composite Index	11	8	14	9	10	7	15	16	18	19	19	20	20
Production	21	19	33	17	13	16	24	26	31	28	29	38	35
Volume of shipments	16	14	28	15	9	16	30	27	29	34	30	37	37
Volume of new orders	14	11	11	13	12	17	14	23	27	28	22	28	36
Backlog of orders	1	-4	3	-1	-2	-9	-1	6	8	7	6	6	10
Number of employees	9	11	10	11	17	3	22	15	18	25	19	17	12
Average employee workweek	3	4	10	5	5	2	7	8	5	9	13	11	4
Prices received for finished product	42	36	38	32	39	47	37	40	46	58	52	50	57
Prices paid for raw materials	61	59	61	61	59	62	56	61	67	75	68	67	66
Capital expenditures	1	4	5	1	9	5	13	8	5	13	0	10	17
New orders for exports	-8	-9	-8	-6	-4	-9	7	1	8	-7	0	-1	1
Supplier delivery time	1	2	16	5	5	6	11	13	9	15	13	11	8
Inventories: Materials	8	-2	0	-3	2	-9	3	0	4	2	12	5	9
Inventories: Finished goods	3	3	3	0	7	6	3	3	0	5	5	12	-1