



Manufacturing Survey

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Tenth District Manufacturing Activity Increased Steadily in October
Federal Reserve Bank of Kansas City Releases October Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the October 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, and expectations for future activity remained expansionary.

“District manufacturing activity continued at a solid pace in October, and firms expect activity to increase in the near-term,” said Cowley. “Over half of firms reported their customers are more sensitive to price changes now than six months ago.”

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, and expectations for future activity rose slightly from last month with their highest readings since July 2022 (Chart 1, Tables 1 & 2).

Growth in prices paid for raw materials continued to rise, while finished prices growth eased.

Factory Activity Increased Steadily

The month-over-month composite index was 11 in October, down from 14 in September, and up from 10 in August (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 both durable and nondurable manufacturing activity slowed slightly, but there was strong growth in printing activities. All month-over-month indexes were positive except for the backlog of orders and the new orders for export indexes. Most month-over-month indexes saw lower readings from last month, but the employment, supplier delivery time, and material inventory indexes increased. The year-over-year composite index moderated from 15 to 11, and most indexes were positive except for new orders for exports and the employment index. Expectations for future activity remained expansionary with the composite index increasing from 19 to 22, with the expectations for employment index ticking up.

Special Questions

This month, contacts were asked special questions about cost pass through ability and customer sensitivity to price changes. Almost a fifth (16%) of firms reported they are not able to pass through their higher costs to customers in the form of higher prices, 35% of firms reported they are able to pass through 1-20% of their higher costs, 7% of firms reported 21-40%, 16% reported 41-60%, 11% of firms reported 61-80%. 13% of firms reported 81-100%, 1% of firms reported they are able to pass through more than 100% of their higher costs, and 1% of firms reported they have had to decrease price (Chart 2). Firms were also asked about how their customers' sensitivity to price has changed compared to six months ago. Almost a quarter (22%) of firms reported their customers are much more sensitive now, 31% of firms reported their customers are somewhat more sensitive, 41% of firms reported their customers' sensitivity is about the same, 5% of firms reported that their customers are somewhat less sensitive, and 1% of firms reported their customers are much less sensitive now than they were six months ago (Chart 3).

Selected Manufacturing Comments

“Customer ordering activity was relatively strong during the first half of 2026 but has slowed noticeably since July. Customers appear to be more cautious with their purchasing decisions and are placing fewer orders ahead of anticipated needs. While shipments have remained relatively strong, much of that activity has been supported by our existing backlog rather than new orders. Some of the slowdowns may be attributable to shorter lead times, which allow customers to order closer to when products are needed. However, we believe there has also been some underlying softening in demand.”

“Global trade is impacting materials costs and delivery.”

“Fuel surcharges are being implemented as we can no longer absorb increased fuel cost.”

“Geopolitical issues and uncertainty are causing additional challenges to predictably run our business and for our customers.”

“Our customers are not blinking when we pass on our higher costs to them in the form of higher prices.”

“Cost pressures from fuel, delivery and increased health insurance continue to reduce margins. Competition continues to push prices down. Unsustainable market conditions.”

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

	October vs. September (percent)*					October 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	
Plant Level Indicators															
Composite Index				10	11				11				21	22	
Production	36	46	18	18	16	47	22	31	16	51	35	14	37	37	
Volume of shipments	40	42	18	22	18	47	22	31	16	47	34	19	28	26	
Volume of new orders	28	47	24	4	3	46	22	32	14	47	36	17	30	30	
Backlog of orders	24	47	28	-4	-5	40	32	28	13	31	49	20	11	12	
Number of employees	19	61	20	-1	1	32	27	41	-9	38	45	16	22	20	
Average employee workweek	22	67	11	12	10	24	57	18	6	27	65	9	18	17	
Prices received for finished product	29	67	3	26	26	77	17	5	72	64	30	6	57	53	
Prices paid for raw materials	72	26	2	69	70	94	4	2	91	80	17	3	77	73	
Capital expenditures						28	52	20	8	34	53	13	21	24	
New orders for exports	6	80	14	-8	-9	10	74	16	-7	12	74	13	-1	-1	
Supplier delivery time	28	64	7	21	22	41	49	10	32	24	68	7	17	23	
Inventories: Materials	26	56	18	7	12	35	35	30	4	27	47	26	1	0	
Inventories: Finished goods	22	67	11	12	13	30	51	19	11	22	66	13	9	7	

*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 October survey was open for a six-day period from October 14-19, 2026 and included 95 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

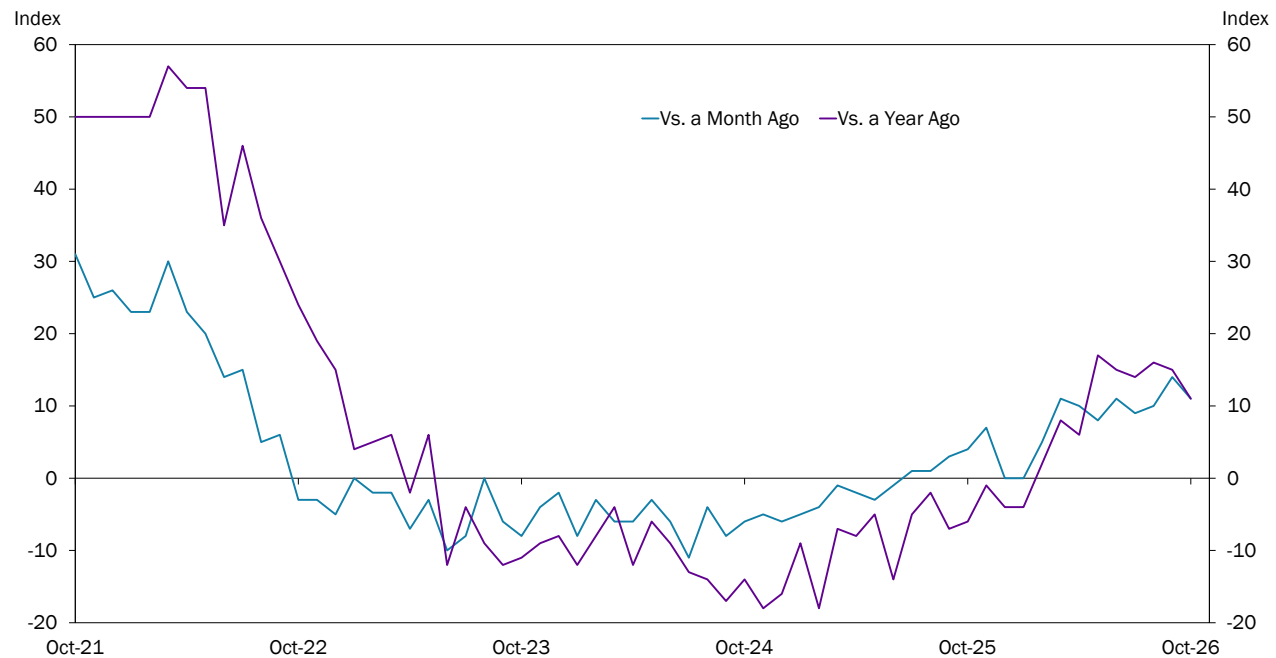


Chart 2. Special Question: If your firm is facing higher costs, what share of those increases are you able to pass through to customers in the form of higher prices?

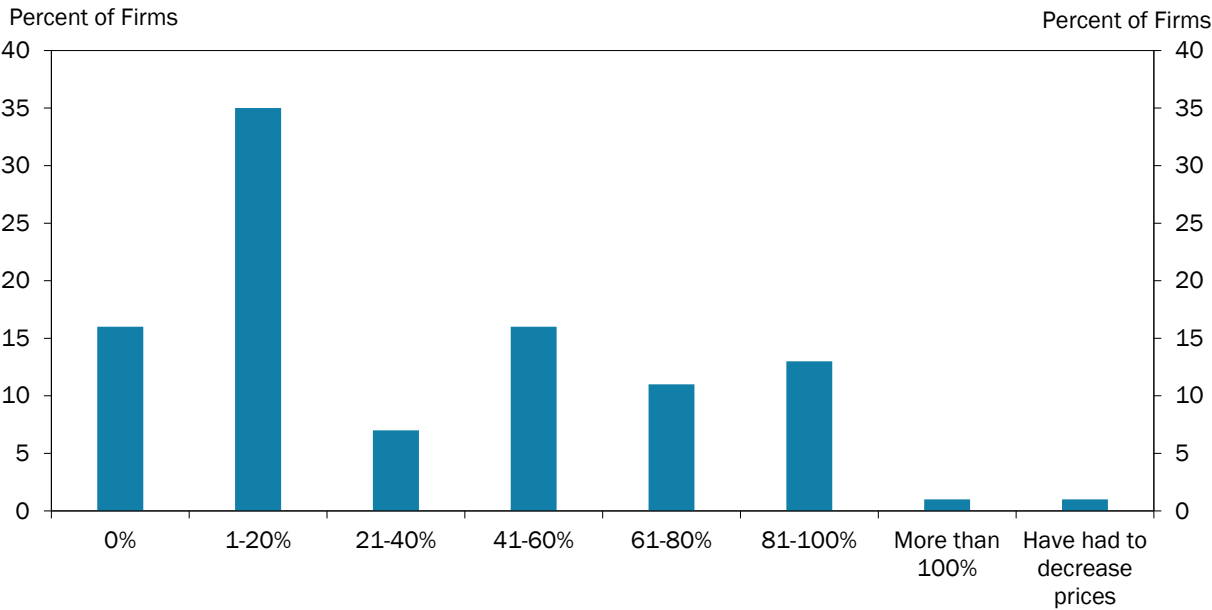


Chart 3. Special Question: Compared with six months ago, how has your customers' sensitivity to price changed?

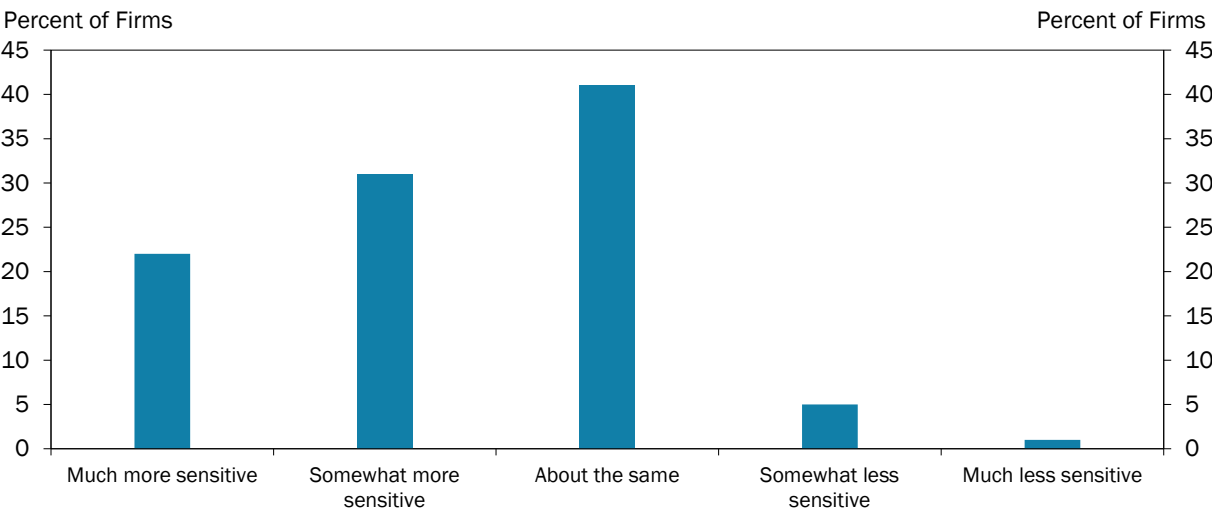


Table 2**Historical Manufacturing Survey Indexes**

	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26	Jul'26	Aug'26	Sept'26	Oct'26
Versus a Month Ago (seasonally adjusted)													
Composite Index	4	7	0	0	5	11	10	8	11	9	10	14	11
Production	10	14	-3	-2	10	11	10	9	19	17	17	20	16
Volume of shipments	11	16	0	-2	11	20	15	7	20	20	17	21	18
Volume of new orders	0	-2	-2	0	7	15	12	13	13	10	16	24	3
Backlog of orders	-2	-7	-5	-11	8	13	2	14	4	2	4	13	-5
Number of employees	0	10	-4	0	-6	7	2	-4	10	2	0	0	1
Average employee workweek	-3	1	3	4	6	7	7	6	2	4	1	13	10
Prices received for finished product	18	14	24	19	18	19	25	29	33	28	36	37	26
Prices paid for raw materials	40	36	41	44	42	37	63	63	68	52	55	68	70
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	-5	-4	-5	-6	0	-4	-3	-3	0	-1	-2	0	-9
Supplier delivery time	9	13	7	8	7	18	20	24	16	15	7	19	22
Inventories: Materials	-1	-1	1	-4	6	3	8	-1	-1	3	11	9	12
Inventories: Finished goods	1	2	2	4	10	4	11	9	-5	15	6	18	13
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-6	-1	-4	-4	2	8	6	17	15	14	16	15	11
Production	-3	-3	-8	-5	4	8	8	17	19	20	20	19	16
Volume of shipments	-7	-1	-5	-9	4	17	5	22	20	25	13	23	16
Volume of new orders	-14	-3	2	-7	3	16	11	31	20	18	28	22	14
Backlog of orders	-26	-12	-21	-18	-2	9	-5	11	14	14	15	14	13
Number of employees	-12	5	-7	-11	-6	-7	-12	2	10	-1	5	-3	-9
Average employee workweek	-10	-6	-10	-8	-4	2	-3	6	1	8	5	22	6
Prices received for finished product	52	50	58	54	58	52	57	72	70	72	69	73	72
Prices paid for raw materials	71	64	68	67	81	72	88	89	84	92	87	90	91
Capital expenditures	4	9	14	4	8	5	6	1	2	6	16	16	8
New orders for exports	-14	-11	-12	-9	5	-9	1	-3	1	-7	-9	-5	-7
Supplier delivery time	6	5	3	9	8	14	21	29	21	24	17	30	32
Inventories: Materials	-6	-9	-10	-6	4	7	-1	4	3	10	8	6	4
Inventories: Finished goods	-1	2	4	4	-1	-3	1	7	0	6	0	5	11
Expected in Six Months (seasonally adjusted)													
Composite Index	14	9	10	7	15	16	18	19	19	20	20	19	22
Production	33	17	13	16	24	26	31	28	29	38	35	36	37
Volume of shipments	28	15	9	16	30	27	29	34	30	37	37	34	26
Volume of new orders	11	13	12	17	14	23	27	28	22	28	36	31	30
Backlog of orders	3	-1	-2	-9	-1	6	8	7	6	6	10	4	12
Number of employees	10	11	17	3	22	15	18	25	19	17	12	8	20
Average employee workweek	10	5	5	2	7	8	5	9	13	11	4	12	17
Prices received for finished product	38	32	39	47	37	40	46	58	52	50	57	59	53
Prices paid for raw materials	61	61	59	62	56	61	67	75	68	67	66	76	73
Capital expenditures	5	1	9	5	13	8	5	13	0	10	17	11	24
New orders for exports	-8	-6	-4	-9	7	1	8	-7	0	-1	1	-2	-1
Supplier delivery time	16	5	5	6	11	13	9	15	13	11	8	14	23
Inventories: Materials	0	-3	2	-9	3	0	4	2	12	5	9	6	0
Inventories: Finished goods	3	0	7	6	3	3	0	5	5	12	-1	8	7