



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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**Tenth District Manufacturing Activity Grew Moderately in July**  
*Federal Reserve Bank of Kansas City Releases July Manufacturing Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the July Manufacturing Survey today. According to Chad Wilkerson, vice president and economist at the Federal Reserve Bank of Kansas City, the survey revealed that Tenth District manufacturing activity grew moderately and expectations for future activity rebounded somewhat.

“The pace of regional factory growth remained more moderate than earlier in the year,” said Wilkerson. “Meanwhile, survey price indexes were the lowest in over a year.”

A summary of the survey is attached. 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](http://www.kansascityfed.org).

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## **TENTH DISTRICT MANUFACTURING SUMMARY**

Tenth District manufacturing activity grew moderately in July. Expectations for future activity increased after dropping in June (Chart 1, Tables 1 & 2). Monthly and annual survey price indexes fell to their lowest levels in over a year, and indexes for price expectations also moderated.

### **Factory Activity Pace of Growth Remained Moderate**

The month-over-month composite index was 13 in July, up from 12 in June, and down from 23 in May (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. In July, the slower pace in factory growth than earlier in the year was driven by decreased activity in electrical equipment, electronic products, primary metal, chemical manufacturing, and food manufacturing. Month-over-month indexes were mostly positive in July. Indexes for production, shipments, new orders, and order backlog increased from June's readings, while inventory and supplier delivery time indexes decreased slightly. Year-over-year factory indexes increased, to a composite index of 46. The supplier delivery time index increased slightly compared to a year ago, along with the materials inventory. However, indexes for finished goods and new orders for exports declined slightly compared to a year ago. The future composite index was 26 in July, rebounding from 10 in June. More firms expected increases in production, shipments, new orders, backlog of orders, employment, capital expenditures, supplier delivery times, and materials inventories.

### **Special Questions**

This month contacts were asked special questions on firms' need and use for physical infrastructure, the change in the geographical area that firms pull workers and remote workers from over the last year, and remote workers' wages compared to in-person wages for the same type of occupation. In July, 71% of firms reported they were using 100% of the firm's pre-pandemic physical infrastructure (e.g., real estate, office space, etc.). Looking ahead, about 66% of firms expected no change, 27% expect an increase, and about 7% expect a decrease in the firms' need for physical infrastructure in the next year (Chart 2). About 85% of firms reported that if they have remote workers, their wages are the same compared to in-person wages. Most firms reported that the geographical areas they pull workers (74.2%) and remote workers (86.5%) from has stayed the same over the last year (Chart 3).

## Selected Manufacturing Comments

“Increased ingredient cost, freight, utilities, insurance, packaging, labor, etc. have squeezed margins to nothing is left. Been very difficult to push price increases forward. Most ingredients have been contracted forward 6-9 months just to assure availability so no near-term relief.”

“Higher interest rates seemingly have cooled off price increases for our raw materials, which is a welcome relief. Demand for our finished products is still high but might be decreasing recently.

“It appears consumers are starting to pull back spending wise. Next few months are critical. Costs still out-of-control. Need to stay aggressive on inflation.”

“Our business is seasonal, with this month being one of the lowest after a strong June. We expect things to pick up significantly by September for a strong fall season.”

“Supply chain issues persist. Costs on raw materials continue to escalate. We are unable to find reliable employees even with incentives, benefits, and substantial increases in starting pay.”

“Our new order backlog has expanded significantly during the past 18 months.”

“The availability of a consistent workforce is a huge concern. It's so everywhere, not just in Kansas. We cannot run at the levels dictated by the demand for our products. As a result, we are not building a financially sound base as we should be at this level of demand.”

“Wage inflation continues. We will be increasing all wages in the next 30 days to try to keep team members and attract more.”

**Table 1. Summary of Tenth District Manufacturing Conditions, July 2022**

Plant Level Indicators	July vs. June (percent)*					July vs. Year Ago (percent)*				Expected in Six Months (percent)*					
	No		Diff Index <sup>^</sup>	SA Index <sup>^^</sup>	Increase	No		Diff Index <sup>^</sup>	Increase		Diff Index <sup>^</sup>	No		Diff Index <sup>^</sup>	SA Index <sup>^^</sup>
	Increase	Change				Decrease	Increase		Change	Decrease		Increase	Change		
Composite Index				15	13			46						25	26
Production	29	50	21	9	7	61	20	18	43	49	32	18	31	29	
Volume of shipments	31	49	19	12	9	60	19	20	40	51	34	15	35	37	
Volume of new orders	27	46	27	0	-2	57	23	20	37	45	34	20	25	25	
Backlog of orders	32	43	25	8	5	54	26	20	33	35	43	22	14	14	
Number of employees	32	56	12	20	17	59	26	15	44	51	40	10	41	44	
Average employee workweek	18	74	8	11	5	32	55	13	19	20	69	11	10	10	
Prices received for finished product	47	43	10	38	36	83	13	4	78	59	27	14	45	45	
Prices paid for raw materials	57	26	17	40	41	92	2	5	87	70	15	15	55	60	
Capital expenditures						43	41	16	27	37	44	19	17	20	
New orders for exports	8	83	10	-2	-1	14	76	10	4	14	75	11	3	6	
Supplier delivery time	40	44	16	24	23	69	15	16	53	38	42	20	17	20	
Inventories: Materials	40	42	17	23	22	66	21	13	53	38	36	26	12	14	
Inventories: Finished goods	22	52	26	-4	-5	36	37	26	10	20	51	30	-10	-8	

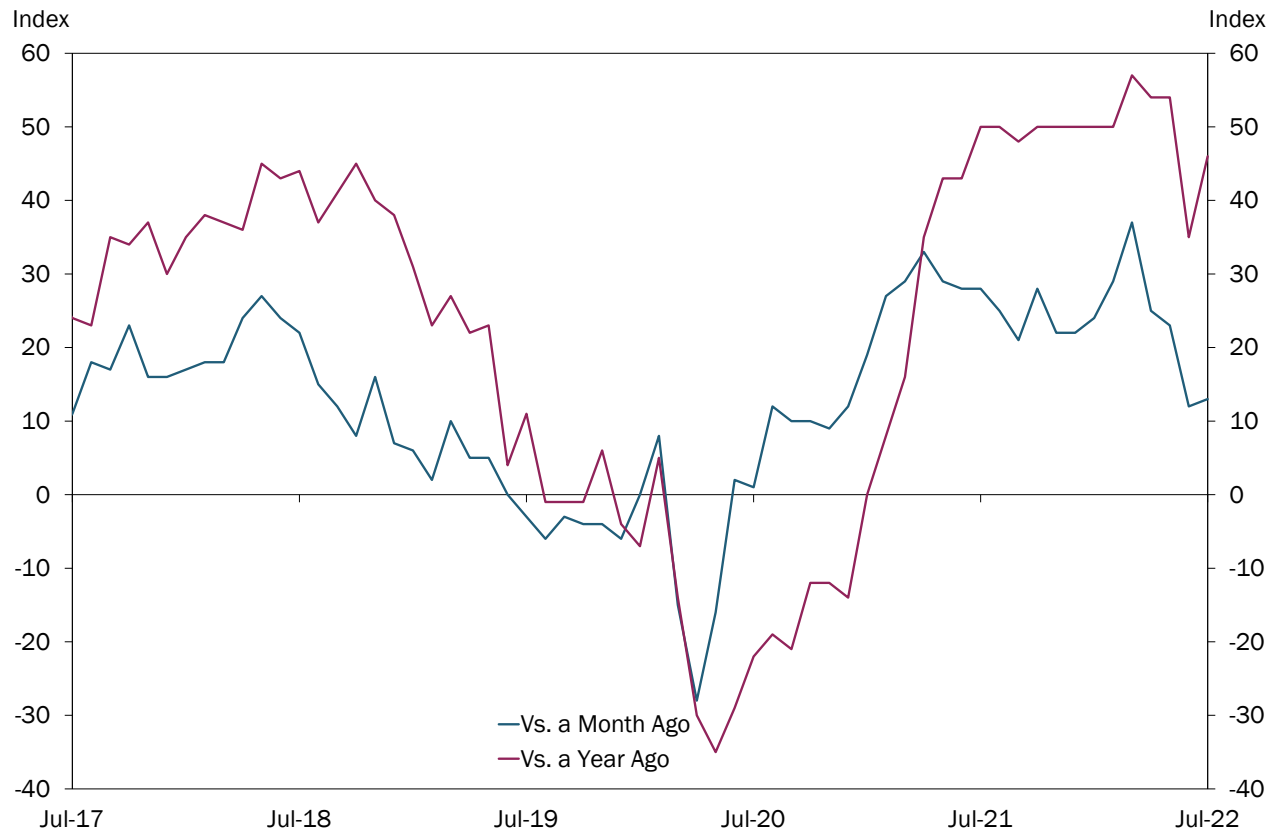
\*Percentage may not add to 100 due to rounding.

<sup>^</sup>Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

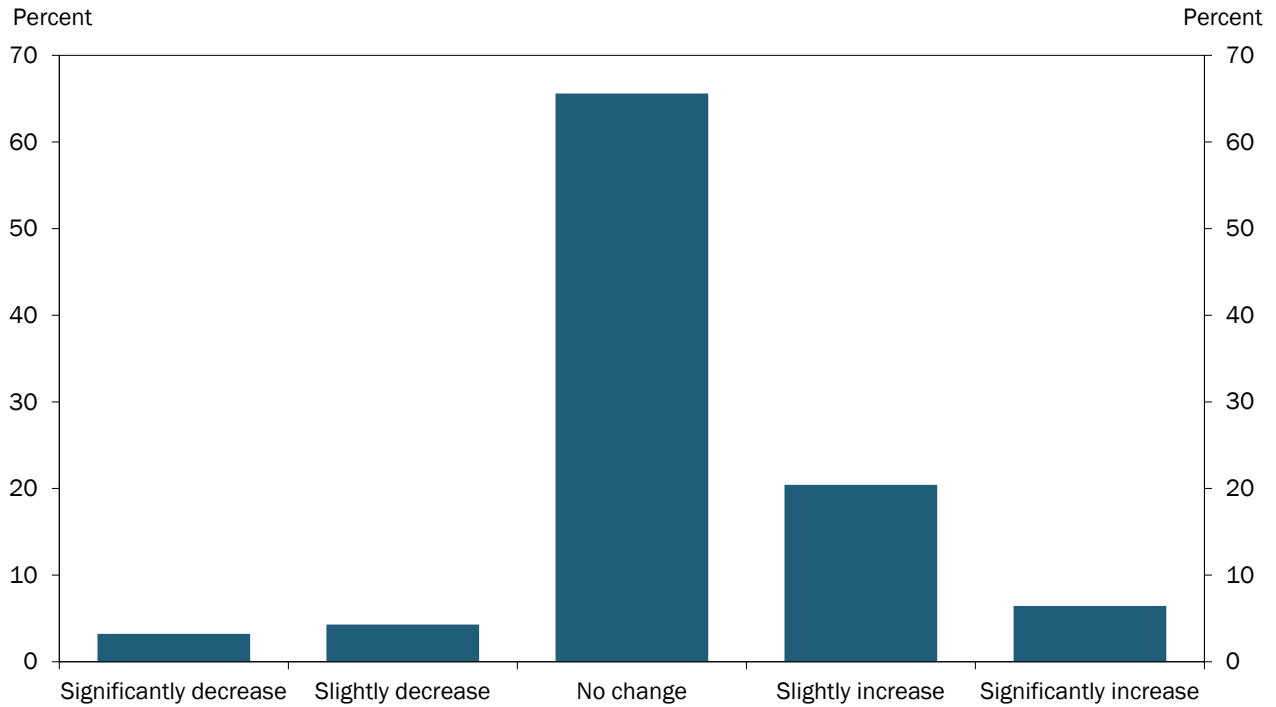
<sup>^^</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The July survey was open for a five-day period from July 20-25, 2022 and included 93 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

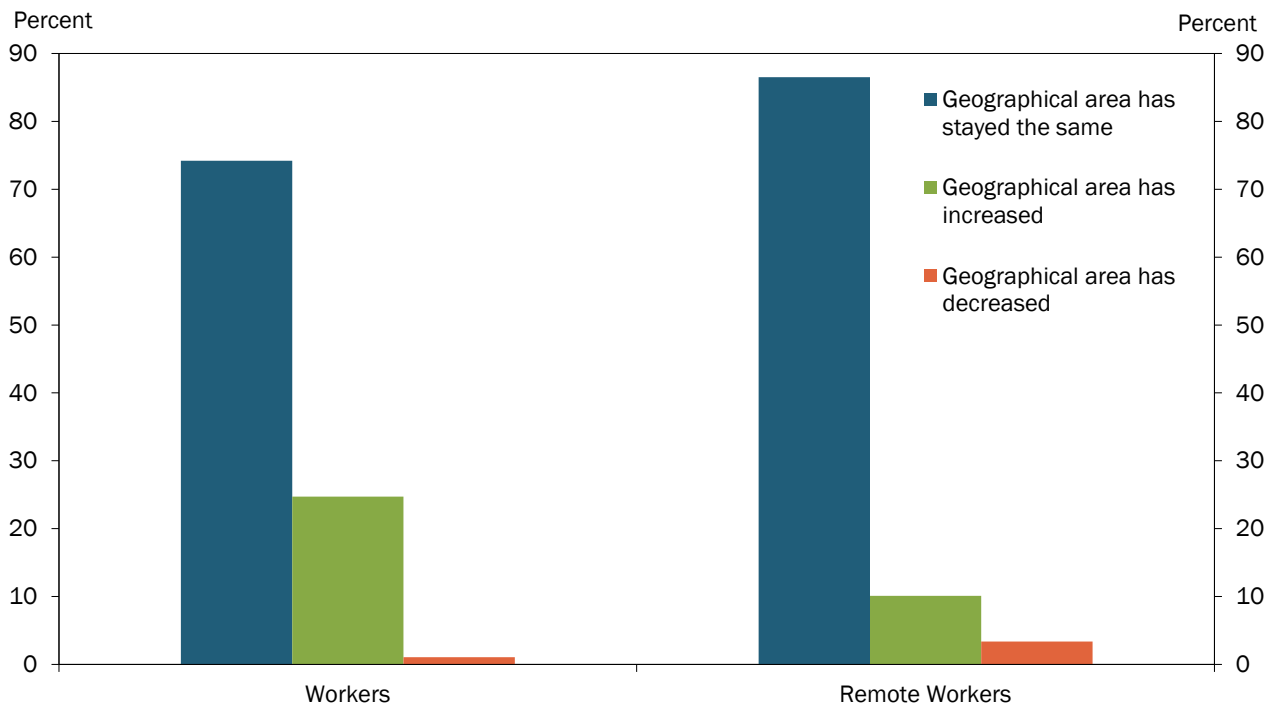
**Chart 1. Manufacturing Composite Indexes**



**Chart 2. Special Question: How do you anticipate your firms need for physical infrastructure (e.g., real estate, office space, etc.) will change in the next year?**



**Chart 3. Special Question: How has the geographical area that your firm pulls workers and remote workers from changed over the last year?**



**Table 2**  
**Historical Manufacturing Survey Indexes**

	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22
<b>Versus a Month Ago</b> (seasonally adjusted)													
Composite Index	28	25	21	28	22	22	24	29	37	25	23	12	13
Production	35	18	10	19	14	11	20	31	46	28	19	-1	7
Volume of shipments	29	19	9	21	7	13	5	24	46	27	17	-3	9
Volume of new orders	22	24	4	20	-2	22	14	32	33	10	15	-8	-2
Backlog of orders	46	26	23	21	10	9	27	22	29	9	20	-4	5
Number of employees	25	24	20	32	23	18	24	26	18	19	34	18	17
Average employee workweek	23	14	11	13	9	8	8	24	14	10	13	9	5
Prices received for finished product	49	57	37	45	50	46	49	47	51	57	42	51	36
Prices paid for raw materials	80	80	78	81	77	67	64	64	81	83	72	71	41
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	15	6	4	4	4	1	6	10	8	4	8	4	-1
Supplier delivery time	41	42	41	49	55	44	38	36	55	42	29	25	23
Inventories: Materials	17	18	29	17	20	17	27	19	32	26	19	23	22
Inventories: Finished goods	4	1	1	4	-2	4	8	7	19	5	1	9	-5
<b>Versus a Year Ago</b> (not seasonally adjusted)													
Composite Index	50	50	48	50	50	50	50	50	57	54	54	35	46
Production	64	64	67	55	49	54	49	52	63	63	52	25	43
Volume of shipments	64	55	55	55	46	49	38	55	53	65	51	29	40
Volume of new orders	66	57	57	64	57	60	51	47	58	53	53	30	37
Backlog of orders	62	63	59	60	56	48	53	54	60	52	44	20	33
Number of employees	35	35	24	41	42	38	41	51	38	48	44	39	44
Average employee workweek	54	44	43	39	41	32	34	32	28	23	19	22	19
Prices received for finished product	80	79	83	89	87	88	88	86	87	92	90	87	78
Prices paid for raw materials	100	96	100	99	98	98	97	99	98	98	95	93	87
Capital expenditures	35	26	34	28	29	43	26	29	16	28	30	21	27
New orders for exports	19	17	16	20	17	14	13	10	16	12	9	10	4
Supplier delivery time	42	48	56	63	70	66	62	63	71	57	67	44	53
Inventories: Materials	44	44	36	28	29	34	49	38	56	52	53	38	53
Inventories: Finished goods	16	14	14	6	0	12	17	18	28	21	28	19	10
<b>Expected in Six Months</b> (seasonally adjusted)													
Composite Index	33	33	33	32	31	26	37	38	41	34	31	10	26
Production	46	45	54	39	37	33	44	57	61	49	39	13	29
Volume of shipments	43	40	50	36	35	34	45	55	57	51	32	13	37
Volume of new orders	39	31	32	34	36	22	30	36	40	31	28	10	25
Backlog of orders	24	15	20	16	11	11	33	29	22	11	18	-3	14
Number of employees	46	42	39	37	41	34	57	52	46	41	40	26	44
Average employee workweek	19	16	21	17	14	13	30	26	25	19	22	7	10
Prices received for finished product	62	54	55	58	53	52	67	70	75	74	68	67	45
Prices paid for raw materials	75	74	76	72	60	65	73	85	84	79	69	66	60
Capital expenditures	32	29	34	32	20	21	28	35	29	29	24	14	20
New orders for exports	20	6	7	10	9	1	17	14	20	10	13	12	6
Supplier delivery time	20	30	27	42	32	31	37	30	48	29	39	9	20
Inventories: Materials	13	17	12	8	9	11	16	14	11	17	8	-8	14
Inventories: Finished goods	1	-2	10	6	3	1	10	19	12	10	7	-4	-8