



# NEWS RELEASE

FEDERAL RESERVE BANK *of* KANSAS CITY  
DENVER • OKLAHOMA CITY • OMAHA

**FOR IMMEDIATE RELEASE**

Sept. 22, 2022

CONTACT: Pam Campbell

(405) 270-8617

Pam.Campbell@kc.frb.org

**Tenth District Manufacturing Activity Continued to Decelerate**  
*Federal Reserve Bank of Kansas City Releases September Manufacturing Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the September 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 continued to decelerate, while prices rose further.

“Regional factory activity was sluggish overall in September,” said Wilkerson. “However, firms continued to add workers and were moderately optimistic about growth in future months.”

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).

###

## **TENTH DISTRICT MANUFACTURING SUMMARY**

Tenth District manufacturing activity continued to decelerate in September, but growth remained slightly positive. Expectations for future activity remained moderate (Chart 1, Tables 1 & 2). Monthly survey price indexes saw slight growth from the previous month. Price indexes were still above year-ago levels for most firms, and most firms expected further price increases over the next six months.

### **Factory Activity Continued to Decelerate**

The month-over-month composite index was 1 in September, the lowest composite reading since July 2020, and down from 3 in August and from 13 in July (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The slower pace in factory growth in September was driven by decreased activity at durable goods plants, especially electrical, furniture, nonmetallic mineral, primary metal, fabricated metal, and transportation equipment manufacturing. Most month-over-month indexes increased in September, except for supplier delivery time, materials inventories, and finished goods inventories which continued to decrease. Year-over-year factory indexes also decreased again in September, and the composite index fell from 36 to 30. The future composite index eased from 10 to 9 in September.

### **Special Questions**

This month contacts were asked special questions on changes in their scale of operations and anticipated costs in the next six months. In September, nearly half of firms reported they were taking steps, or planning to take steps, to expand the scale of operations over the next six months, while only a handful expected to decrease capacity (Chart 2). The steps firms reported to expand scale included adding to workforce size, capital expansion, and expanding into new or existing markets. In relation to current conditions, a majority of firms anticipated costs will increase in the next six months across all categories, especially for financing and energy-related costs (Chart 3).

## **Selected Manufacturing Comments**

“...Few to no applicants for open positions. All costs up with no expected relief.”

“Issues with finding qualified employees.”

“Labor is almost non-existent! Poor quality workers with no skills for even a low skilled business!”

“We continue to pay people more, material supplies are costing more, including capital project spending.”

“While certain supply chain delays have subsided, the ones that remain have few alternatives and are having a significant adverse effect on our output.”

“U.S. parts and material supply continues to be a limiting factor to achieving our production requirement. Most supplier problems are due to manpower shortages.”

“Appears shipping costs are beginning to decrease.”

“I’m told our customers are overstocked with our products, so a correction is taking place. Q4 will be rough.”

“Inflation and increasing interest rates are somewhat of a worry. We are beginning to see evidence of a slowdown in our industry.”

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

Plant Level Indicators	September vs. August (percent)*					September vs. Year Ago (percent)*				Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index <sup>^</sup>	SA Index <sup>^^</sup>	Increase	No Change	Decrease	Diff Index <sup>^</sup>	Increase	No Change	Decrease	Diff Index <sup>^</sup>	SA Index <sup>^^</sup>
Composite Index				2	1				30				10	9
Production	28	51	21	7	2	53	21	26	28	40	37	22	18	16
Volume of shipments	31	42	27	4	0	56	21	23	34	42	37	21	21	17
Volume of new orders	24	41	35	-11	-11	48	29	24	24	39	31	30	9	9
Backlog of orders	26	47	27	-1	-4	54	30	16	39	32	46	22	10	10
Number of employees	27	55	18	9	10	51	27	22	30	33	53	14	19	17
Average employee workweek	25	65	10	15	15	37	50	14	23	24	64	12	12	11
Prices received for finished product	39	53	8	31	27	84	10	6	78	61	30	9	52	51
Prices paid for raw materials	55	31	14	41	41	92	4	4	88	71	19	10	61	58
Capital expenditures						39	46	15	24	31	51	18	13	11
New orders for exports	7	85	8	-1	-2	14	77	9	5	7	86	7	0	-1
Supplier delivery time	21	58	21	0	-2	53	21	26	28	31	48	21	10	10
Inventories: Materials	28	49	23	5	6	58	22	20	39	24	45	31	-7	-9
Inventories: Finished goods	17	56	27	-9	-8	32	45	22	10	22	49	29	-6	-11

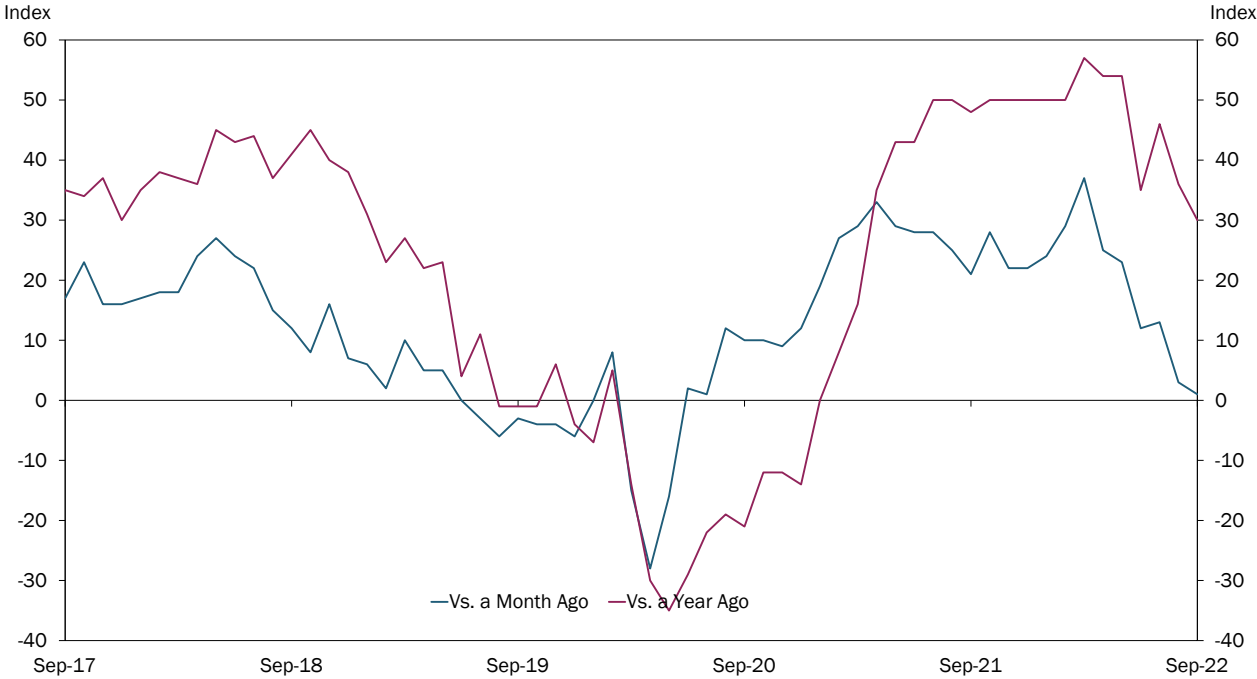
\*Percentage may not add to 100 due to rounding.

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

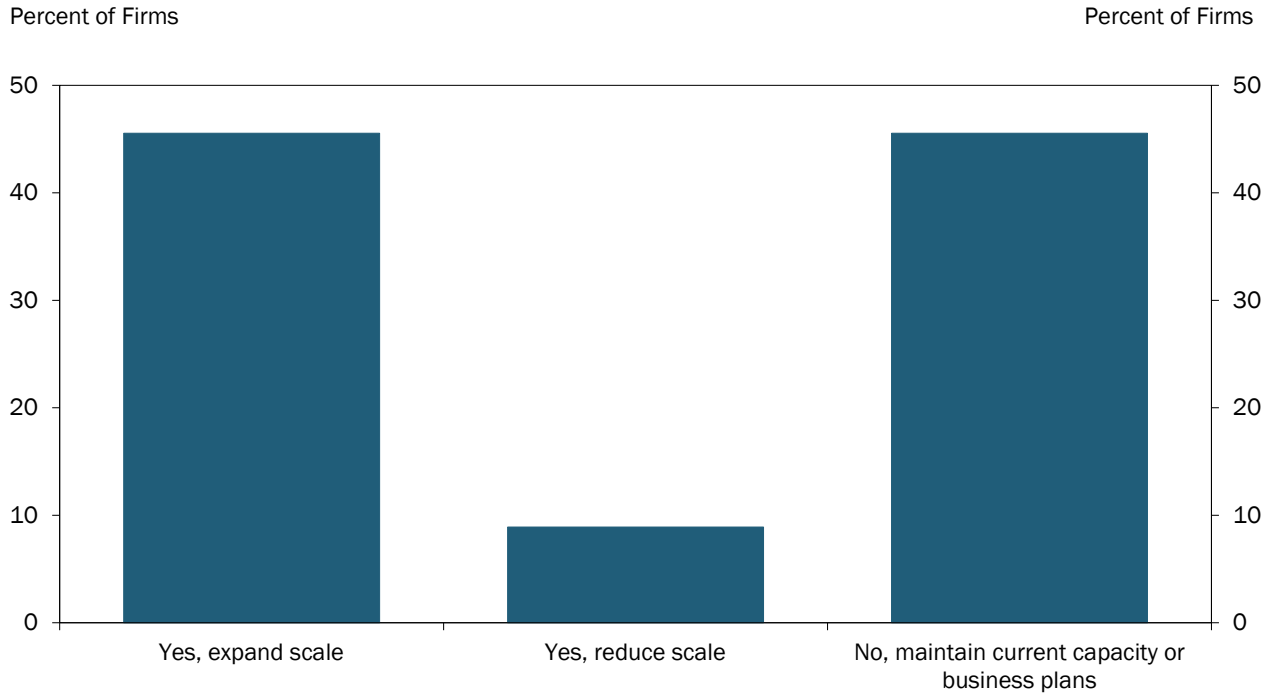
<sup>^^</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The September survey was open for a five-day period from September 14-19, 2022 and included 101 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

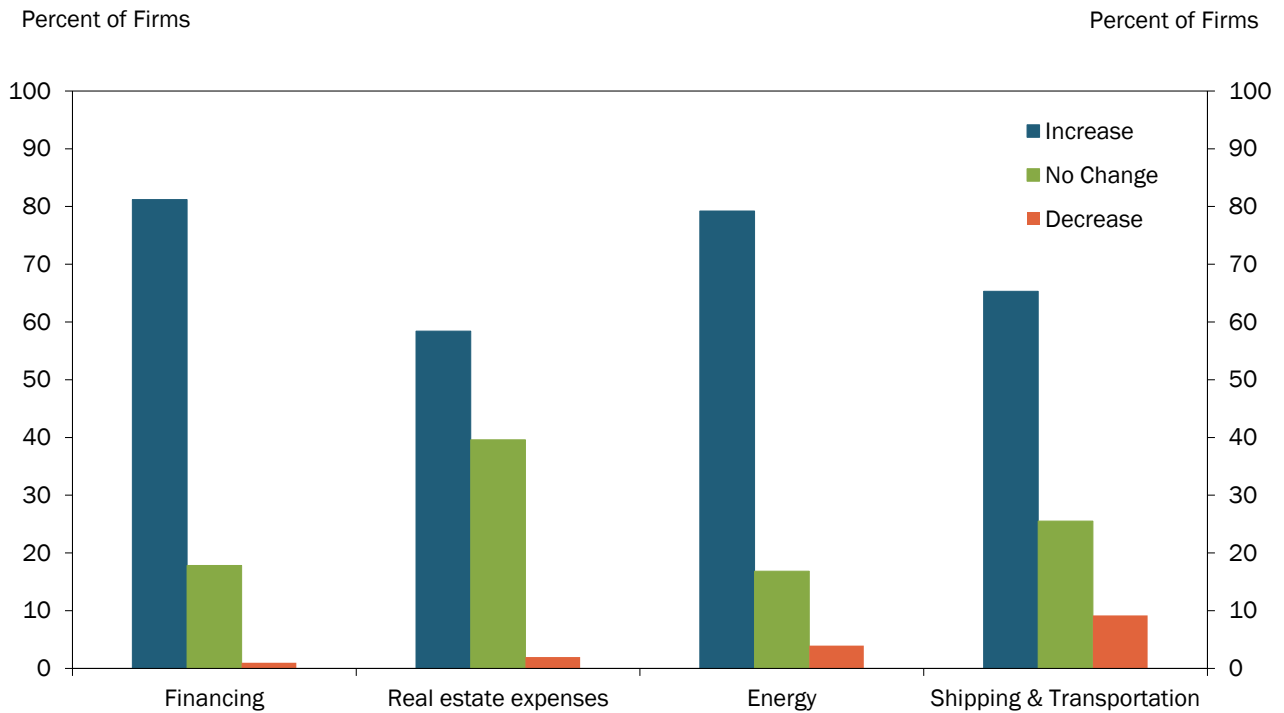
**Chart 1. Manufacturing Composite Indexes**



**Chart 2. Special Question: Is your firm taking steps, or planning to take steps to expand/reduce the scale of operations over the next 6 months?**



**Chart 3. Special Question: In relation to current conditions, how do you anticipate costs will change in the next six months in the following categories:**



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

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