



NEWS RELEASE

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CONTACT: Sarah Dickson

(405) 270-8401

Sarah.Dickson@kc.frb.org

Tenth District Manufacturing Activity Declined Again in November
Federal Reserve Bank of Kansas City Releases November Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the November Manufacturing Survey today. According to Chad Wilkerson, senior vice president at the Federal Reserve Bank of Kansas City, the survey revealed that Tenth District manufacturing activity declined again in November, and expectations for future activity ticked down slightly.

“Regional factory activity declined again in November,” said Wilkerson. “Firms cited a decline in employment levels, and expected that to continue over the next six 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.

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TENTH DISTRICT MANUFACTURING SUMMARY

Tenth District manufacturing activity declined again in November, and expectations for future activity ticked down slightly, while price indexes were mixed with a slight increase in raw materials prices but a decline in finished goods prices (Chart 1, Tables 1 & 2). Going forward, firms expect both finished goods and raw materials prices to increase modestly.

Factory Activity Continued to Decline

The month-over-month composite index was -2 in November, up from -8 in October and basically unchanged from September (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Durable and nondurable goods both ticked up slightly, although the durables index remains in negative territory. Most month-over-month indexes remained negative. The volume of shipments and new orders indexes increased moderately, while supplier delivery time inched downward. However, employment and average employee workweek declined slightly. The year-over-year index for factory activity increased slightly inching higher from -11 to -9. Volume of new orders, shipments, and backlogs indexes all rose, while indexes for supplier delivery time and finished goods inventories declined. The future composite index ticked down to -1 in November, as firms' expectations for production continues to increase but other indexes softened.

Special Questions

This month contacts were asked special questions about employment plans and labor market conditions. The top three reasons affecting firms' plans to increase employment and also restraining their hiring plans remained unchanged from November 2022. About 82% of firms planned to increase employment because expected growth of sales is high, ranking it as one of the top three factors driving employment plans (Chart 2). Other firms noted that employment plans are driven by current staff being overworked or that the firm needs skills not possessed by current staff. Over 63% of firms cannot find workers with required skills which is the number one reason for restrained hiring plans. This is followed by 49% of firms reporting the need to keep operating costs low and 39% reporting high labor costs.

Selected Manufacturing Comments

“Supply chain issues still exist for engine parts. OEMs say they will improve in the next 12 months, but we remain skeptical based on the last 24 months.”

“2024 is expected to be impacted by inflationary factors. Interest rates/cost of capital is a major driver for our customers and while we expect it to be a modest impact on growth it will most certainly impact our short-term business.”

“The market is currently soft. However, I have seen orders from oil and gas customers this month (it has been six months since last orders) indicating their inventory is being depleted.”

“We see our food service distribution customers (restaurant suppliers) off between 15-20%, caused by lower traffic levels and more selective buying at both restaurants and retail grocery chains.”

“We are fortunate that business is good and moving significantly upward. We have signed a couple of large new contracts and are looking at expanding plant capacity to support additional growth. Employee-wise it is still a challenge to bring new in – but - it is much, much better than it was and continues to move in the right direction.”

Table 1. Summary of Tenth District Manufacturing Conditions, November 2023

Plant Level Indicators	November vs. October (percent)*					November vs. Year Ago (percent)*					Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^^}	Increase	No Change	Decrease	Diff Index [^]	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^^}	
Composite Index				-6	-2				-9				0	-1	
Production	18	52	30	-11	-3	30	29	41	-10	39	41	21	18	16	
Volume of shipments	26	42	31	-5	5	38	25	38	0	38	35	27	10	9	
Volume of new orders	26	42	32	-6	0	34	25	42	-8	38	35	27	10	11	
Backlog of orders	11	51	38	-26	-12	18	38	44	-26	21	48	31	-10	-6	
Number of employees	16	63	21	-5	-3	35	35	30	5	25	49	25	0	-1	
Average employee workweek	10	73	17	-7	-4	12	58	29	-17	11	67	22	-10	-8	
Prices received for finished product	10	78	12	-3	-3	63	15	22	42	41	42	17	24	23	
Prices paid for raw materials	18	71	11	7	7	54	12	34	20	48	34	18	30	29	
Capital expenditures						32	47	21	11	20	56	24	-4	-4	
New orders for exports	5	85	10	-5	-4	16	69	15	1	14	75	11	3	2	
Supplier delivery time	6	82	12	-7	-5	15	40	45	-30	9	68	23	-13	-17	
Inventories: Materials	19	59	22	-3	0	29	42	29	0	16	54	30	-14	-14	
Inventories: Finished goods	16	64	19	-3	0	18	52	30	-12	18	58	24	-6	-9	

*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 November survey was open for a six-day period from November 8-13, 2023 and included 106 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

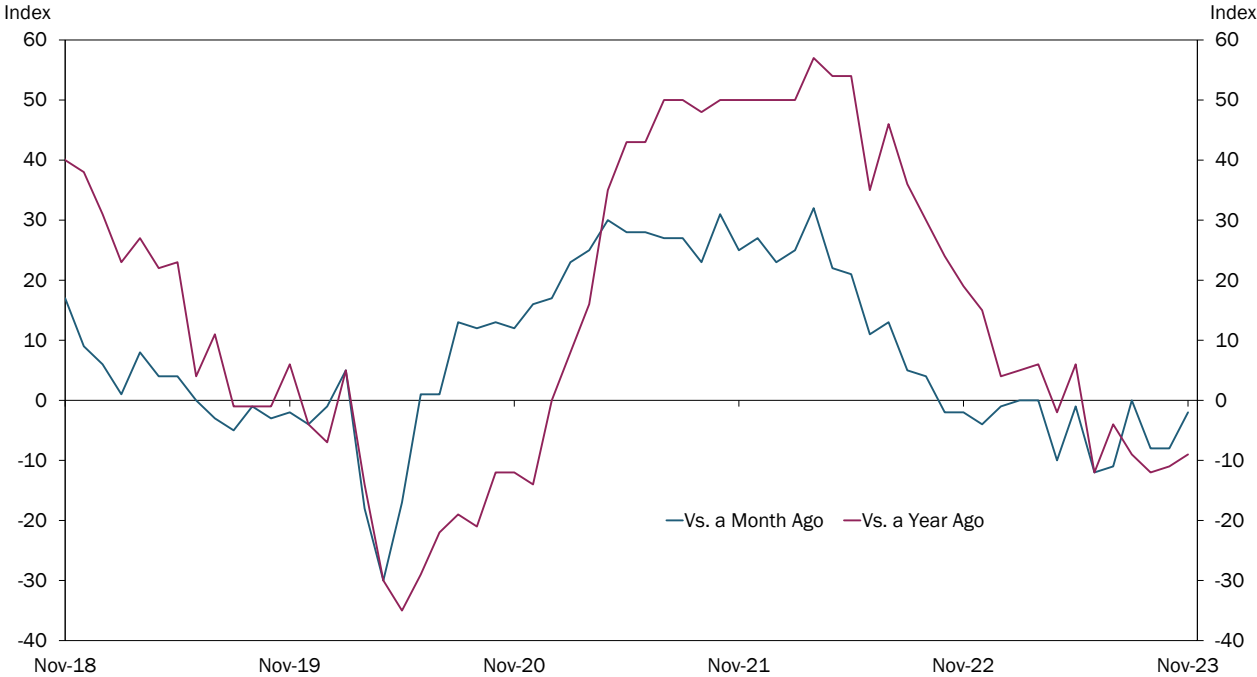


Chart 2. Special Question: If your firm is planning to increase employment, what are the three most important factors behind your plans to increase employment?

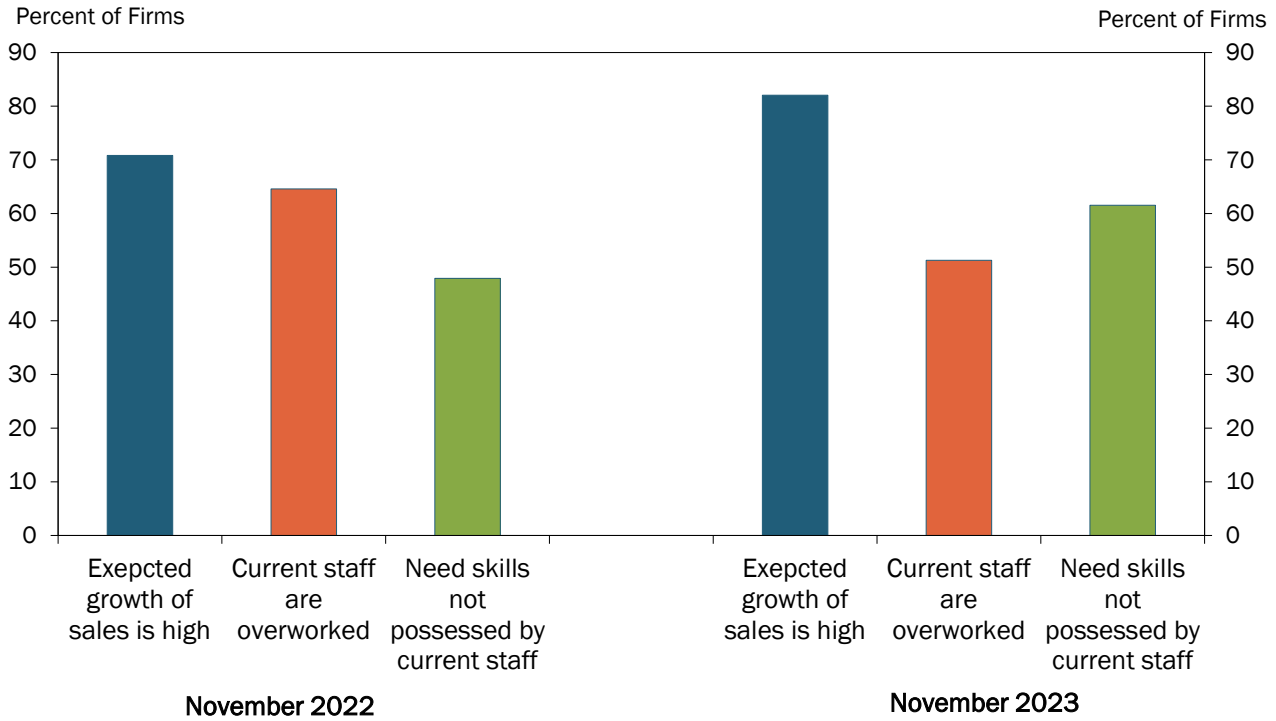


Chart 3. Special Question: What are the three most important factors, if any, restraining your hiring plans?

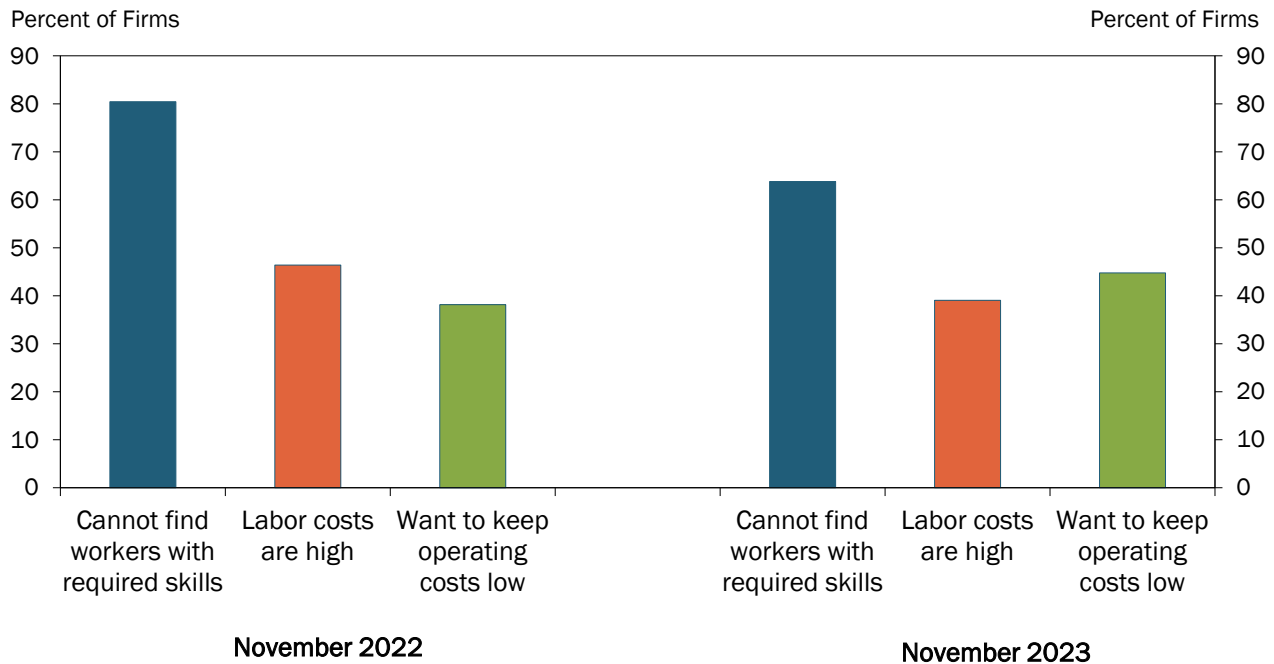


Table 2
Historical Manufacturing Survey Indexes

	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23
Versus a Month Ago (seasonally adjusted)													
Composite Index	-2	-4	-1	0	0	-10	-1	-12	-11	0	-8	-8	-2
Production	-4	-6	-4	-9	3	-21	-2	-10	-20	12	-13	-8	-3
Volume of shipments	0	2	1	-13	6	-13	-1	-2	-24	1	-15	-11	5
Volume of new orders	-10	-15	-8	-6	-13	-21	-14	-14	-20	-3	-14	-22	0
Backlog of orders	-16	-16	-17	-22	-18	-26	-25	-14	-38	-12	-24	-13	-12
Number of employees	6	4	4	11	18	-1	7	-12	4	1	2	-4	-3
Average employee workweek	7	0	-8	-13	-10	1	-4	-11	-20	-6	0	0	-4
Prices received for finished product	19	15	16	17	13	21	16	3	-7	-6	2	0	-3
Prices paid for raw materials	25	18	20	26	30	32	16	4	9	13	7	-2	7
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	-7	-2	-15	-5	3	-13	-15	-10	-3	-8	-8	-8	-4
Supplier delivery time	-8	-3	-1	2	-6	-3	1	-8	-6	2	-1	-4	-5
Inventories: Materials	6	-2	4	1	-1	-3	4	-18	-10	-10	-15	0	0
Inventories: Finished goods	12	-2	-6	-11	2	-13	1	-10	-3	6	-10	-1	0
Versus a Year Ago (not seasonally adjusted)													
Composite Index	19	15	4	5	6	-2	6	-12	-4	-9	-12	-11	-9
Production	16	14	2	1	0	-1	0	-7	3	0	-10	-8	-10
Volume of shipments	21	17	1	0	7	0	-2	-6	2	-3	-14	-3	0
Volume of new orders	5	4	-1	-1	-4	-11	3	-20	-9	-13	-11	-24	-8
Backlog of orders	5	2	-4	1	-4	-13	-5	-19	-15	-12	-22	-31	-26
Number of employees	20	20	9	4	24	8	13	2	13	-2	1	7	5
Average employee workweek	15	7	9	-3	-2	-5	-2	-8	-5	-10	-10	-9	-17
Prices received for finished product	75	73	58	70	72	63	54	55	39	40	39	44	42
Prices paid for raw materials	73	74	53	59	57	52	40	33	40	22	17	20	20
Capital expenditures	11	12	10	0	5	15	14	2	14	7	16	6	11
New orders for exports	4	3	-14	3	-3	-8	1	-5	-1	-15	-13	-13	1
Supplier delivery time	19	12	-6	0	-3	-24	-8	-20	-24	-18	-26	-24	-30
Inventories: Materials	37	27	16	19	14	19	22	-14	-4	-10	-13	-6	0
Inventories: Finished goods	18	15	5	1	0	1	13	-2	-2	1	-5	-2	-12
Expected in Six Months (seasonally adjusted)													
Composite Index	4	6	3	1	3	3	2	-2	-2	2	1	1	-1
Production	13	22	10	13	13	14	13	15	-1	11	2	10	16
Volume of shipments	14	16	7	3	11	9	9	10	-4	4	3	17	9
Volume of new orders	2	4	4	-2	3	3	3	2	0	8	6	2	11
Backlog of orders	-10	-12	-10	-19	-22	-19	-10	-13	-20	2	-3	-8	-6
Number of employees	14	11	28	14	15	13	11	10	17	17	15	11	-1
Average employee workweek	6	-3	-4	0	-1	-1	-2	-8	2	3	0	5	-8
Prices received for finished product	40	37	29	40	41	37	17	20	13	26	20	15	23
Prices paid for raw materials	33	34	27	42	40	40	21	13	23	29	30	17	29
Capital expenditures	5	10	10	-3	5	4	9	14	16	17	9	3	-4
New orders for exports	-2	0	-8	4	1	0	6	-5	-2	-14	5	1	2
Supplier delivery time	-13	-2	-8	-11	-11	2	2	-12	-5	0	-4	-9	-17
Inventories: Materials	3	-6	-19	-8	-7	-17	-17	-23	-23	-27	-15	-7	-14
Inventories: Finished goods	5	0	-7	-5	-11	-9	-10	-17	-15	-14	-13	-12	-9