



## Tenth District Manufacturing Activity Grew Slightly in June 2020

by:

June 25, 2020

Tenth District manufacturing activity grew slightly after sharply decreasing for three straight months. Activity still remained well below year-ago levels, while expectations for future activity rebounded moderately.

---

### Factory Activity Grew Slightly in June

Tenth District manufacturing activity grew slightly after sharply decreasing the past three months, but remained well below year-ago levels (Chart 1, Tables 1 & 2). Expectations for future activity rebounded moderately. Month-over-month price indexes increased in June after dropping sharply in previous months. District firms expected prices for both finished goods and raw materials to expand in the next six months.

The month-over-month composite index was 1 in June, up considerably from -19 in May and a record low of -30 in April (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The improvement in activity was driven by non-durable goods plants, while durable goods factories, especially nonmetallic mineral products, primary metals, fabricated metals, and computer and electronics plants continued to decline. Month-over-month indexes were mixed. Production, shipments, new orders, and supplier delivery time indexes recovered to positive levels, while indexes for order backlog, employment, new orders for exports, and inventories remained negative. Year-over-year factory indexes mostly remained highly negative in June, but the composite index moved up slightly from -35 to -29. The future composite index rose considerably in June, rebounding from -2 to 9.

### Special questions

This month contacts were asked special questions about lending assistance programs and the effects of COVID-19 on revenue and employment. 76% of factory contacts had applied for the Small Business Administration (SBA) Paycheck Protection Program since March 13, 2020 (up from 67% reported in April), and 97% of contacts reported receiving the loan (Chart 2). For firms that received an SBA loan, 86% reported that it prevented layoffs and/or furloughs (Chart 3). 53% of SBA loan recipients surveyed indicated the loans prevented wage reductions, and 51% said it helped pay bills and/or rent. Overall, 80% of firms reported the impact of coronavirus developments had decreased their firm's revenues in 2020 vs. 2019, by an average of 25%. Additionally, the majority of firms reported lower employment in June compared with February, and while employment expectations were positive in June, most firms did not anticipate returning to February employment levels by the end of 2020.

## Selected comments

"We have remained open during this entire period. We have not laid off personnel and have been hiring. The unemployment bonus has made it more difficult to attract staff to fill open positions than it was before the program was established. We believe that the virus is a permanent part of our environment and are working to educate staff and reduce exposure opportunities within our facilities."

"We have initiated consistent awareness programs regarding safety & health. We allow those capable of working from home to choose to do that as needed, but not as a requirement. Shift work has not changed, distancing & masks are in use as well as disinfecting offices over the weekends."

"Health has become a very high priority. Keeping social distancing requirements in place until further notice... Travel restrictions will be partially lifted, but some may stay in place long term."

"The virus has been an integral part of our slowdown; however, the major impact is related to the fall of oil prices. The pandemic along with the collapse of the oil industry has been a double edged sword and it has certainly cut both ways."

"Our business should return to normal when commercial flights return to pre-Covid-19 status."

"We never closed down as we are considered essential. Pretty much business as usual."

"We are working full time to fill orders with our biggest challenge of getting raw materials in a timely manner. Sales are off a little but we are staying busy enough to keep everyone employed and looking to hire."

"We expect most of our customers to be back at full capacity in a few months. We are already seeing increased orders in that regard."

"PPP loan was a life line for us. Plus our bank has deferred loan payments."

"The PPP was very needed and saved jobs. The EIDL would have been nice if the rules had stayed the same."

"We have used all of the PPP funding. If revenues do not start increasing soon, we will have to start furloughing employees."

## Survey Data

### Current Release

[Historical Monthly Data](#)

[Historical Quarterly Data](#)

[About Manufacturing Survey](#)

---