



Tenth District Manufacturing Activity Improved Considerably in December 2016

by: Chad Wilkerson

December 22, 2016

Growth in manufacturing during December in the Tenth District was the most in more than two years.

Tenth District manufacturing activity improved considerably to its highest growth rate in over two years, and producers' expectations for future activity also increased. Price indexes continued to post moderate increases in December.

The month-over-month composite index was 11 in December, up from 1 in November and 6 in October (Tables 1 & 2, Chart). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Activity in nondurable goods plants increased markedly, particularly for food and plastics, while durable goods plants expanded at a slower pace. Most month-over-month indexes improved in December. The production index jumped from 9 to 24, and the shipments, new orders, and order backlog indexes also rose. The employment index increased from 1 to 10, its highest level since May 2014. The finished goods inventory index rose from -13 to 1, and the raw materials inventory index also moved higher.

Most year-over-year factory indexes moved out of negative territory for the first time in nearly two years. The composite year-over-year index jumped from -10 to 0, and the production, shipments, and new orders indexes were all higher than a year ago. The order backlog index increased from -12 to -5, and the employment index also rose slightly. The capital expenditures index inched higher from -1 to 2, and the new orders for exports index also improved somewhat. The raw materials inventory index increased from -15 to -9, while the finished goods inventory index eased slightly.

Expectations for future factory activity increased over the previous month. The future composite index rose from 12 to 19, and the future production, shipments, new orders, and order backlog indexes also moved up moderately. The future employment index increased modestly, while the future capital expenditures index moderated slightly from 19 to 14. The future raw materials inventory index increased slightly, and the future finished goods index moved into positive territory.

Price indexes increased in December. The month-over-month finished goods price index jumped from -2 to 13, its first positive reading since July 2015, and the raw materials price also increased moderately. The year-over-year finished goods

price index moved higher from 10 to 17, and the raw materials price rose slightly. The future finished goods price index posted its highest level in over two years, and the future raw materials price index also increased considerably.

Survey Data

[Current Survey](#)

[Historical Monthly Data](#)

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Chad Wilkerson serves as Oklahoma City Branch Executive and Senior Vice President of Community Development for the Federal Reserve Bank of Kansas City. Wilkerson has been with the Federal Reserve since 1998, starting in Kansas City's research department. Appointed in 2006 as Oklahoma City Branch Executive, Wilkerson is the Bank's lead officer and regional economist in Oklahoma. He recruits and works closely with the Oklahoma City Branch Board of Directors and is responsible for briefing the Kansas City Fed president, a member of the Federal Open Market Committee, on economic trends in the state. His team conducts research and surveys on key regional issues such as energy, manufacturing and migration. Wilkerson was appointed Senior Vice President in 2022, and supports a Community Development team located across the Kansas City Fed's seven-state region. This group works to understand and address issues affecting the ability of underserved communities and small businesses to access credit. Community development focus areas include financial resiliency, affordable housing, community investments, workforce development, rural development and digital inclusion. Wilkerson holds a master's degree in public policy from the University of Chicago, as well as a master's degree from Southwestern Seminary and bachelor's degree from William Jewell College. He serves on the boards of the Economic Club of Oklahoma, the United Way of Central Oklahoma and City Rescue Mission. He lives in Edmond, Oklahoma, with his wife and children.
