



Tenth District Manufacturing Activity Expanded Further in June 2017

by: Chad Wilkerson

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Latest manufacturing survey shows firms have strong but mixed confidence in future activity growth.

Tenth District manufacturing activity expanded further in June, and expectations for future activity remained strong. Price indexes were mixed, with some increases in raw materials prices.

The month-over-month composite index was 11 in June, up from 8 in May and 7 in April. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Activity increased moderately at both durable and non-durable goods plants, particularly for aircraft, computers and electronics, chemicals, and plastics. Month-over-month indexes were mixed. The production index jumped from -1 to 23, and the shipments and employment indexes also increased. On the other hand, the new orders index eased from 9 to 4, and the order backlog index fell into negative territory. Both inventory indexes inched lower.

Most year-over-year factory indexes increased from the previous month. The composite year-over-year index rose from 18 to 28, its highest level since June 2011, and the production, shipment, and new orders indexes also increased moderately. The employment index edged higher from 18 to 24, a five-year high. In contrast, the capital expenditures index eased from 16 to 13 and the order backlog index also moved slightly lower. The raw materials inventory index climbed from 8 to 22, while the finished goods inventory index moderated.

Expectations for future factory activity generally remained strong. The future composite index inched down from 30 to 25, and the future production, shipments, new orders, and order backlog indexes also decreased modestly but remained solidly in positive territory. The future capital expenditures index eased from 23 to 16, while the future employment index increased after falling the past two months. The future raw materials inventory index fell from 10 to 0, and the future finished goods inventory index also decreased.

Price indexes were mixed in June. The month-over-month finished goods price index fell from 8 to -2, while the raw materials price index was mostly unchanged. The raw materials price index edged higher from 44 to 47, while the yearover- year finished goods price index was basically unchanged. The future raw materials price index increased from 37 to 49, while the future

finished goods price index eased slightly.

Survey Data

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Chad Wilkerson serves as Oklahoma City Branch Executive and Senior Vice President for the Federal Reserve Bank of Kansas City. Wilkerson began his career with Federal Reserve in the Kansas City research department in 1998, before accepting the role of Oklahoma City Branch Executive in 2006. In 2022, Wilkerson was appointed Senior Vice President. 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. Serving as Senior Vice President of Community Development, Wilkerson supports community development staff 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.