



## Tenth District Manufacturing Activity Continued to Expand Rapidly in May 2018

by: Chad Wilkerson

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Tenth District manufacturing activity continued to expand at a rapid pace, and optimism remained high for future activity.

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Tenth District manufacturing activity continued to expand rapidly, with the composite index at its highest level in survey history for the second consecutive month. In addition, contacts remained optimistic about future activity. Price indexes were little changed, but generally remained at high levels.

The month-over-month composite index was 29 in May, up from readings of 26 in April and 17 in March (Tables 1 & 2, Chart 1). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Factory activity increased at both durable and nondurable goods plants, particularly at nondurable plants producing chemicals and food. Most month-over-month indexes continued to rise. The production index jumped from 33 to 41, and the shipments, new orders, and new orders for exports indexes also moved higher. In contrast, the order backlog and employment indexes eased somewhat. The raw materials inventory index edged up from 17 to 19, and the finished goods inventory index also increased.

Year-over-year factory indexes increased considerably over the previous month. The composite index rose from 36 to 45, and the production, shipments, order backlog, and new orders indexes also moved higher. The capital expenditures index jumped from 26 to 33, and the employment index reached its highest level in survey history. The raw materials inventory index inched lower from 32 to 28, while the finished goods inventory index increased.

Future factory activity expectations moderated slightly but remained solid overall. The future composite index slipped from 31 to 26, and the future production, shipments, new orders and order backlog indexes also fell somewhat. The future capital expenditures index eased from 37 to 33, while the future employment index was unchanged. The future raw materials inventory index decreased from 19 to 7, and the future finished goods inventory index also edged lower.

Most price indexes were little changed in May but remained at high levels. The month-over-month finished goods price index eased from 29 to 22, while the raw materials price index was basically unchanged. The year-over-year finished goods price index slipped from 60 to 56, while the year-over-year raw materials price index inched higher. The future finished goods price

index fell from 53 to 44, and the future raw materials price index moderated slightly.

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[Historical Quarterly Data](#)

[About Manufacturing Survey](#)

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## Author



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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.