



Manufacturing Survey

Tenth District Manufacturing Activity Continued at a Strong Pace in August

by:

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Factory Activity Continued at a Strong Pace

Tenth District manufacturing activity continued at a strong pace, and expectations for future activity remained solid (Chart 1, Tables 1 & 2). The monthly index of prices paid for raw materials continued to increase for a majority of firms in August and the index of prices received for finished goods rose to a new survey high. Price indexes vs. a year ago expanded near record levels. Moving forward, district manufacturing firms expected materials prices and finished goods prices to continue to rise over the next six months.

The month-over-month composite index was 29 in August, similar to 30 in July, and up slightly from 27 in June (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Durable goods plants continued to drive the growth in district manufacturing activity, in particular primary metals, computer and electronic products, and transportation equipment while nondurable goods manufacturing remained steady. Month-over-month indexes remained positive, indicating expansion. The month-over-month indexes for new orders increased at a higher rate in August and there was an uptick for the supplier delivery time index. Materials inventories grew slightly, while finished goods inventories were largely unchanged. Year-over-year factory indexes expanded at an even pace in August with a year-over-year composite index of 50. The future composite index grew from 33 to 36 in August, near recent record high expectations.

Special Questions

This month contacts were asked special questions about employment and the effects of the recent surge in COVID cases. Since May, almost 60% of firms reported a decrease in the flow of applicants per job, while 14% reported an increase in the flow of applicants for each job opening (Chart 2). 57% of manufacturers indicated that the rate of workers quitting has not changed at their firm, but 35% reported it has increased in the past few months (Chart 3). Of those quitting, most workers leaving firms reported leaving for another job and/or reported leaving for better pay (Chart 4). Over a quarter of firms reported retirement as a common reason given by workers for quitting. Other firms reported they didn't know why workers left or that some workers no longer liked the manufacturing work environment. Most firms indicated that the recent surge in COVID cases had no change on their business activity (Chart 5). However, 20% of firms reported that the recent COVID surge had decreased activity, and 35% of firms expected the recent COVID surge to decrease business activity over the next six months.

Selected Manufacturing Comments

"Definite increase in activity. Cautiously optimistic."

"Our industry has grown due to Covid. Those who can afford to fly charter are now doing so rather than flying commercial. Many new owners are buying a fractional share or a whole aircraft to avoid flying commercial."

"Cannot get enough steel to fulfill orders."

"We are still having significant issues with the supply chain. If we had parts, we would increase our output."

"U.S. port capacity and port to plant delivery equipment infrastructure capacity continue to cause huge part delivery problems."

"If this latest surge continues suppliers will slow due to worker safety as happened last year."

"Parts availability and chassis availability are limiting business much more than Covid at this point. A much bigger concern but recognizing that could change with widespread outbreaks."

"We did not relax our covid accommodations - we maintained social distancing, masks in common areas, aisles, meeting rooms and anywhere social distancing could not be overcome."

"Other than a return to mask wearing in the office areas (we never stopped wearing masks in production areas) the Delta variant has not had a big impact on what we do or how we operate."

“Currently we are seeing an increase in activity. What is holding us back from growth is delays or lack of availability of raw materials and labor.”

“There [has been] some apprehension regarding increased cases & potential shortages of products, so demand for our products has been strong.”

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