Manufacturing Survey

Growth in Tenth District Manufacturing Activity Eased Slightly

by: Chad Wilkerson

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The pace of regional factory growth eased somewhat but remained strong. Firms continued to report issues with higher input prices, increased supply chain disruptions, and labor shortages. However, firms were optimistic about future activity and reported little impact from higher interest rates.

Factory Activity Pace of Growth Eased Somewhat

Growth in Tenth District manufacturing activity eased slightly, and expectations for future activity remained solid (Chart 1, Tables 1 & 2). The monthly index of raw materials prices inched upward in April and increased slightly compared to a year ago. Finished goods price indexes increased somewhat from a month ago but remained moderately higher than last year. Expectations for future raw materials and finished goods prices decreased further.

The month-over-month composite index was 25 in April, down from 37 in March and 29 in February (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Increased activity was driven by growth in computer and electronic products, primary metals, and furniture manufacturing. On the other hand, the pace of growth for transportation equipment, electrical equipment, appliances, and food manufacturing declined. Month-over-month indexes remained positive, but the pace of growth eased somewhat compared to March. Indexes for production, shipments, new orders, backlog of orders, supplier delivery time, and finished goods inventories all decreased but remained positive. However, the employment index increased somewhat. Year-over-year index growth eased slightly, with a composite index of 54 in April. Shipments, capital expenditures, and employment indexes increased further from a year ago while supplier delivery time, order backlog, and finished goods inventory indexes eased slightly. The future composite index was 34 in April, a slight decrease from 41 in March. Indexes for future production, shipments, new orders, and employment all inched lower, while the future capital expenditures index was unchanged.

Special Questions

This month contacts were asked special questions on the change in number of job openings since the beginning of the year and the impact of COVID-induced lockdowns in China. In April, 48% of firms reported a slight increase in the number of job openings compared to the beginning of the year, and 19% reported a significant increase (Chart 2). As a result of the COVID-induced lockdown in China, 70% of firms reported higher supply chain disruptions and 57% reported higher input prices. A significant share of firms reported no change in demand, capital spending, hiring, and inventories (Chart 3). However, 17% of firms reported facing lower inventories due to the COVID-induced lockdown in China.

Selected Manufacturing Comments

“Impacts of inflation on costs for materials is HUGE and getting worse - not getting better. Supply of materials still tough. Lead times still very long.”

“Increased production and new product development require more staffing. Low unemployment makes the jobs hard to fill.”

“Uptick in business and employees retiring or leaving for other opportunities.”

“We are seeing a lot of job hopping and a labor shortage.”

“Greater customer demand and turnover in personnel.”

“White collar positions getting filled. Struggling to find blue collar people.”

“Order volume is up. We have approximately 15% of our needed workforce not filled. We are having to work a lot of [overtime] to keep up. We are experiencing high turnover.”

“Need to [find] employees to keep up with increased demand. Continue to raise wages in an attempt to get associates with limited success; 16% increase in wages year-over-year.”

“We are trying to ramp up [production].”

“It is extremely frustrating to have a record backlog and be unable to execute due to supply chain issues.”

“Product for our production process is becoming increasingly difficult to obtain. Being quoted ten to eleven weeks delivery with that being a guess at best.”

“Most of our product is sold internationally. Clients in China, Europe, and South America are worried about Ukraine war, Covid lockdowns in China, inflation and now higher dollar valuation.”

Survey Data

Current Release

Historical Monthly Data

Historical Quarterly Data

About Manufacturing Survey

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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.