



## **Manufacturing Survey**

## Tenth District Manufacturing Activity Continued to Decelerate

by:

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Regional factory activity was sluggish overall in September. However, firms continued to add workers and were moderately optimistic about growth in future months.

### **Factory Activity Continued to Decelerate**

Tenth District manufacturing activity continued to decelerate in September, but growth remained slightly positive. Expectations for future activity remained moderate (Chart 1, Tables 1 & 2). Monthly survey price indexes saw slight growth from the previous month. Price indexes were still above year-ago levels for most firms, and most firms expected further price increases over the next six months.

The month-over-month composite index was 1 in September, the lowest composite reading since July 2020, and down from 3 in August and from 13 in July (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The slower pace in factory growth in September was driven by decreased activity at durable goods plants, especially electrical, furniture, nonmetallic mineral, primary metal, fabricated metal, and transportation equipment manufacturing. Most month-over-month indexes increased in September, except for supplier delivery time, materials inventories, and finished goods inventories which continued to decrease. Year-over-year factory indexes also decreased again in September, and the composite index fell from 36 to 30. The future composite index eased from 10 to 9 in September.

#### **Special Questions**

This month contacts were asked special questions on changes in their scale of operations and anticipated costs in the next six months. In September, nearly half of firms reported they were taking steps, or planning to take steps, to expand the scale of operations over the next six months, while only a handful expected to decrease capacity (Chart 2). The steps firms reported to expand scale included adding to workforce size, capital expansion, and expanding into new or existing markets. In relation to current conditions, a majority of firms anticipated costs will increase in the next six months across all categories, especially for financing and energy related costs (Chart 3).

# Selected Manufacturing Comments

"Few to no applicants for open positions. All costs up with no expected relief."
"Issues with finding qualified employees."
"Labor is almost non-existent! Poor quality workers with no skills for even a low skilled business!"
"We continue to pay people more, material supplies are costing more, including capital project spending."
"While certain supply chain delays have subsided, the ones that remain have few alternatives and are having a significant adverse effect on our output."
"U.S. parts and material supply continues to be a limiting factor to achieving our production requirement. Most supplier problems are due to manpower shortages."
"Appears shipping costs are beginning to decrease."
"I'm told our customers are overstocked with our products, so a correction is taking place. Q4 will be rough."
"Inflation and increasing interest rates are somewhat of a worry. We are beginning to see evidence of a slowdown in our industry."
Survey Data
Current Release
Historical Monthly Data
Historical Quarterly Data
About Manufacturing Survey