



Manufacturing Survey

Tenth District Manufacturing Activity Continued to Decelerate

by: Chad Wilkerson

September 22, 2022

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](#)

Author



Chad Wilkerson

Senior Vice President and Oklahoma City Branch Executive

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.