Manufacturing Survey

Tenth District Manufacturing Activity Declined at a Steady Pace

by: Chad Wilkerson

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Regional factory activity continued to decline at a steady rate in November. However, the pace of decline for production, shipments, and new orders slowed slightly, and approximately 91% of firms reported plans to increase or maintain current employment levels.

Factory Activity Continued to Decline at a Similar Pace

Tenth District manufacturing activity declined at a similar pace compared to last month, while expectations for future activity were mostly flat or slightly positive (Chart 1, Tables 1 & 2). The monthly index of raw materials prices continued to slow in November and decreased compared to a year ago. Finished goods price indexes increased slightly from a month ago and compared to year-ago levels. Expectations for future raw materials and finished goods prices continued to fall.

The month-over-month composite index was -6 in November, similar to -7 in October and down from 1 in September (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 November was driven by decreased activity in primary metals, plastics and rubber products, chemical, furniture, and fabricated metals manufacturing. Month-over-month indexes were mostly negative in November. The current and expected supplier delivery time indexes reached their lowest level in survey history. Indexes for year-over-year factory activity slowed slightly in November, and the composite index decreased from 24 to 19. The future composite index increased from -1 to 0 in November, with the production, employee workweek, and finished goods inventories indexes also moving into positive territory.

Special Questions

This month contacts were asked special questions about employment plans and labor market conditions. About 47% of firms expected to increase employment over the next 12 months, 44% of firms expected to leave employment unchanged, and 8% of firms expected to decrease employment over the next 12 months (Chart 2). About 71% of firms planned to increase employment because expected growth of sales is high, ranking it as one of the top three factors driving employment plans (Chart 3). Other firms noted that employment plans are driven by current staff being overworked or that the firm needs skills not possessed by current staff.

Selected Manufacturing Comments

"Competition for new workers continues. While increasing wages and benefits, team members feel that it is not enough. We need relief from inflation, especially housing costs if we are to satisfy the expectations of our workers."

"Our workload is increasing on a month over month rate with added emphasis on sales. Reducing overhead, increasing efficiency, and getting in front of the customer is paying off."

"We are starting to see prices for raw materials level off and not have as many increases lately. Orders for our products are slowing down some, but also seasonal as well. Very concerned about inflation still increasing for what seems like very little reason at this point."

"Have switched our focus and investment to automation vs. hiring additional employees. Process is painful and expensive as we implement automation and try to keep key employees engaged."

"The retrenchment of financial resources is a huge issue for stabilizing/growing business."

"Restaurant industry has been hit hard by inflation. Traffic is off by 30-40%, we have taken a position of cutting costs and working hours, and passed cost increases on to customers."

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.