



## Manufacturing Survey

# Tenth District Manufacturing Activity Remained Mostly Steady in May

by: Chad Wilkerson and Chase Farha

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Regional factory activity was largely unchanged in May. Prices cooled significantly over the last month and year and are expected to cool further.

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### Factory Activity Remained Mostly Steady

Tenth District manufacturing activity remained mostly steady in May, while expectations for future activity also stayed flat (Chart 1, Tables 1 & 2). Prices for raw materials have cooled significantly and prices for finished goods also eased somewhat over the last month and last year. Prices are expected to cool further in the next six months.

The month-over-month composite index was -1 in May, up from -10 in April and down from 0 in March (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The increase from last month was driven by both durable and non-durable goods, especially by paper, primary metal, and miscellaneous durable goods manufacturing. Month-over-month indexes were mixed. The production, volume of shipments, volume of new orders, number of employees, and finished goods inventories indexes all increased closer to their March levels after a significant decline in April. The average employee workweek and new orders indexes decreased slightly over the last month. All year-over-year indexes increased or stayed close to their April levels, with the exception of the price indexes which cooled. The future composite index was modestly positive, at 2. Most indexes of expectations for activity in six months remained similar to last month, except for increases in new orders and backlog of orders and cooling in the price indexes.

### Special Questions

This month contacts were asked special questions about prices and input costs. Compared to last year, a majority of firms expect their materials costs, selling prices, and wages to rise at a similar or slower rate next year (Chart 2). Additionally, District firms have varying abilities to pass through higher costs to customers (Chart 3).

## Selected Manufacturing Comments

“Our customers cannot absorb the rising cost quickly enough for us to pass through the price increases. The market is simply too volatile.”

“See some stabilization and even softening of the underlying commodities.”

“Wages increases are expected to slow, however additional regional adjustments will be necessary to keep pace with local markets.”

“Currently sales are brisk and salesforce doing a good job.”

“Concerns around general economic conditions are increasing.”

“Still a grind to find entry level employees.”

“Labor availability is becoming slightly better, quality is not good. Supply chain is way better than 6 months to a year ago.”

“Business seems to be slowing a bit.”

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About Manufacturing Survey](#)

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## Authors



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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.



### Chase Farha

#### Research Associate

Chase Farha is a Research Associate in the Regional Affairs department at the Oklahoma City branch of the Federal Reserve Bank of Kansas City. In this role, his responsibilities include contributing to the Oklahoma Economist and a variety of research projects. He holds a Bachelor of Science degree in Economics, with minors in mathematics and Arabic, from Tulane University.