



## Manufacturing Survey

# Tenth District Manufacturing Activity Declined Further in June

by: , Chase Farha and Jannety Mosley

June 22, 2023

Regional factory activity declined further in June. District firms' expectations for future activity fell to their lowest levels since April 2020, although firms were still fairly optimistic about employment levels.

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### Factory Activity Declined Further

Tenth District manufacturing activity declined further in June, while expectations for future activity fell into negative territory (Chart 1, Tables 1 & 2). Monthly price indexes decreased significantly and are expected to continue to ease in the next six months.

The month-over-month composite index was -12 in June, down from -1 in May and from -10 in April (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The decrease from last month was driven by both durable and non-durable goods, especially by primary metals and print manufacturing. Month-over-month indexes remained mostly negative, but the pace of decline accelerated compared to May. The production, volume of shipments, number of employees, supplier delivery time, and inventories indexes all declined at a faster rate. Year-over-year factory indexes decreased further in June, and the composite index slowed from 6 to -12. The future composite index decreased from 2 to -2 in June, reaching the lowest level since April 2020.

### Special Questions

This month contacts were asked special questions about hiring and employment activity and expectations about demand. About 43% of firms reported that they stopped posting new positions, looking for new workers, and reducing the number of hours for hired workers in the last 3 months, with 29% of firms expecting to do so in the next 6 months (Chart 2). Additionally, 40% of district firms expected demand for their products to be lower for the remainder of 2023, while 37% of firms expected demand to be higher, and 23% of firms expected no change in the demand for their products (Chart 3).

## Selected Manufacturing Comments

“Inflation on raw materials for us is still high - very high and projected to go higher on select items. We will have to continue to take price increases - although at a slower rate and smaller increments. Business is strong and projected to stay strong - despite some other macro level concerns about the economy. We still need people - lots of them - especially on 2nd shift/night shift.”

“We’re cautiously planning our factory production requirements for the next year, assuming a light recession at some point, but making contingency plans if that is not the case.”

“We are working to pay down debt with excess cash flow while rates are high. Focusing on highest rate loans first.” “Cost of money is delaying progress on plant expansion.”

“Higher interest rates are squeezing incremental capital spending. For others, more than us.”

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About Manufacturing Survey](#)

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## Author



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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.

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