Regional factory activity continued to decline in July. District production decreased moderately, while employment activity picked up slightly and is expected to increase further.

Factory Activity Continued to Decline

Tenth District manufacturing activity continued to decline in July, and expectations for future activity stayed mostly flat (Chart 1, Tables 1 & 2). District firms’ prices paid for raw materials increased on a monthly and yearly basis, while prices received for finished products declined moderately month-over-month. Heading forward, firms expect input prices to increase at a faster pace, and finished product prices to increase at a slower pace.

The month-over-month composite index was -11 in July, up from -12 in June and down from -1 in May (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The pace of decline eased slightly for durable goods, while it stayed steady for nondurable goods. All month-over-month indexes remained negative, except for the number of employees and prices paid for raw materials. The production index decreased moderately, and the volume of shipments, volume of new orders, and backlog of orders indexes all fell significantly. Year-over-year factory indexes were mixed. The composite index increased to -4 in July from -12 in June. However, year-over-year production and volume of shipments turned positive while capital expenditures grew further. The future composite index remained at -2 in July, as firms expect further declines in production and orders along with increases in employment.
Special Questions

This month contacts were asked special questions about profit margins. A majority of firms reported that profit margins decreased significantly (11%) or decreased slightly (45%) since the beginning of the year, while 17% of firms reported no change in profit margins, 23% reported a slight increase, and 4% reported a significant increase. (Chart 2). Firms were also asked how supply chain issues have changed from a year ago. About a quarter (26%) of contacts reported they were much better, while nearly half (49%) said they were slightly better. 10% of contacts reported no change, 10% reported they were slightly worse, 2% reported they were much worse, and 3% of contacts have not experienced supply chain issues over the last year (Chart 3).

Selected Manufacturing Comments

“Generally things are better, but in our segment inflation is not tamed. Still challenging, but more on an individual item basis. Pricing pressures to customers still exist, again, not at critical levels - but generally not great either. Customers expect things to either not climb or even come down price wise which just isn’t obtainable. We did not raise prices as much as input costs went up, so we are still working at recapturing margins.”

“Overall, deliveries of new and larger aircraft in our industry have created increased demand for labor services and price competition has decreased significantly.”

“Most of our customers are slowing down and are unsure about potential orders past the current day. Uncertainty is the key word for our business.”

“Last 60 days have seen a dramatic decrease (50%) in our weekly bookings.”

“Material prices have declined rapidly, and delivery times have improved.”

“Industrial orders are slowing, in some areas, quite significantly.”

Survey Data

Current Release

Historical Monthly Data

About Manufacturing Survey
Tenth District Manufacturing Activity Continued to Decline in July

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.

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.
Tenth District Manufacturing Activity Continued to Decline in July

Jannety Mosley
Senior Survey Analyst

Jannety Mosley is a Senior Survey Analyst in the Regional Affairs Department at the Oklahoma City Branch of the Federal Reserve Bank of Kansas City. In this role, she primarily supports the district economic surveys and reports. She also supports the recruitment and retention efforts of business participants in the economic surveys. She holds a B.S. degree in Agricultural Economics (Agribusiness) from North Carolina A&T State University and a M.S. degree in Rural Sociology from Pennsylvania State University.