Regional factory activity continued to decline in October. District production and employment decreased, and the number of new orders fell substantially.

Factory Activity Continued to Decline

Tenth District manufacturing activity continued to decline in October, and expectations for future activity stayed mostly flat (Chart 1, Tables 1 & 2). District firms’ finished product prices stayed steady this month, and the raw materials prices declined slightly for the first time since 2020. Going forward, firms expect both finished product and raw materials prices to increase moderately.

The month-over-month composite index was -8 in October, unchanged from September and down from 0 in August (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Durable goods manufacturing declined more than nondurable goods, but both sectors declined at the same pace as the previous month. Most month-over-month indexes were negative. The production, shipments, and order backlog indexes all declined moderately, while new orders fell significantly. Accordingly, employment declined slightly while the average employee workweek held steady. Inventories were unchanged from last month. Factory activity also decreased at a similar pace on a year-over-year basis. The composite index ticked up to -11 in October from -12 in September and -9 in August. Production, new orders, volume of shipments, and backlogs all fell further, and capital expenditures cooled. The future composite index stayed at 1 in October and is down slightly from 2 in August, as firms’ expectations for production grew but other indexes softened.
Special Questions

This month contacts were asked special questions about their employees. 20% of firms expect the loss of the federal childcare subsidy to reduce their ability to hire or retain workers, while 80% do not expect any difference (Chart 2). Firms were also asked if they have been devoting more resources to training workers that do not meet skills requirements. 33% reported devoting significantly more resources, 43% have devoted slightly more, 23% have seen no change, and only 1% reported devoting significantly less resources to training (Chart 3).

Selected Manufacturing Comments

“We anticipate more growth over the next 6 months. I am uncertain this will be sustainable, as the markets we serve are in the beginning of a contraction phase.”

“The world has a ton of risk currently. Domestically things are OK, but macro-level concern about international issues is high. We remain bullish about short- to medium-term business. Costs inputs—primarily energy related issues—remain a concern.”

“We are currently in a good position, with adequate backlog of work and quotations that are looking good.”

“We have a tough time finding and keeping workers in our area. Basic skill levels have fallen. Energy costs keep going up for our facility even with conservation methods we use. Fuels cost is a big driver for our raw materials, both in the manufacture and the delivery.”

“Business is pulling back. Manufacturing sectors, other than those supported by infrastructure spending, seem to be experiencing a manufacturing recession. The UAW strike has the potential to have a significant impact on our business.”

Survey Data

Current Release

Historical Monthly Data

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