



Manufacturing Survey

Tenth District Manufacturing Activity Continued to Decline in October

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October 26, 2023

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](#)

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Authors



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Chad Wilkerson serves as Oklahoma City Branch Executive and Senior Vice President for the Federal Reserve Bank of Kansas City. Wilkerson began his career with Federal Reserve in the Kansas City research department in 1998, before accepting the role of Oklahoma City Branch Executive in 2006. In 2022, Wilkerson was appointed Senior Vice President. 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. Serving as Senior Vice President of Community Development, Wilkerson supports community development staff 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.



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