



Manufacturing Survey

Tenth District Manufacturing Activity Declined Again in November

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Regional factory activity declined again in November. Firms cited a decline in employment levels, and expected that to continue over the next six months.

Factory Activity Continued to Decline

Tenth District manufacturing activity declined again in November, and expectations for future activity ticked down slightly, while price indexes were mixed with a slight increase in raw materials prices but a decline in finished goods prices (Chart 1, Tables 1 & 2). Going forward, firms expect both finished goods and raw materials prices to increase modestly.

The month-over-month composite index was -2 in November, up from -8 in October and basically unchanged from September (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Durable and nondurable goods both ticked up slightly, although the durables index remains in negative territory. Most month-over-month indexes remained negative. The volume of shipments and new orders indexes increased moderately, while supplier delivery time inched downward. However, employment and average employee workweek declined slightly. The year-over-year index for factory activity increased slightly inching higher from -11 to -9. Volume of new orders, shipments, and backlogs indexes all rose, while indexes for supplier delivery time and finished goods inventories declined. The future composite index ticked down to -1 in November, as firms' expectations for production continues to increase but other indexes softened.

Special Questions

This month contacts were asked special questions about employment plans and labor market conditions. The top three reasons affecting firms' plans to increase employment and also restraining their hiring plans remained unchanged from November 2022. About 82% of firms planned to increase employment because expected growth of sales is high, ranking it as one of the top three factors driving employment plans (Chart 2). Other firms noted that employment plans are driven by current staff being overworked or that the firm needs skills not possessed by current staff. Over 63% of firms cannot find workers with required skills which is the number one reason for restrained hiring plans. This is followed by 49% of firms reporting the need to keep operating costs low and 39% reporting high labor costs.

Selected Manufacturing Comments

“Supply chain issues still exist for engine parts. OEMs say they will improve in the next 12 months, but we remain skeptical based on the last 24 months.”

“2024 is expected to be impacted by inflationary factors. Interest rates/cost of capital is a major driver for our customers and while we expect it to be a modest impact on growth it will most certainly impact our short-term business.”

“The market is currently soft. However, I have seen orders from oil and gas customers this month (it has been six months since last orders) indicating their inventory is being depleted.”

“We see our food service distribution customers (restaurant suppliers) off between 15-20%, caused by lower traffic levels and more selective buying at both restaurants and retail grocery chains.”

“We are fortunate that business is good and moving significantly upward. We have signed a couple of large new contracts and are looking at expanding plant capacity to support additional growth. Employee-wise it is still a challenge to bring new in - but - it is much, much better than it was and continues to move in the right direction.”

Survey Data

[Current Release](#)

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