



Manufacturing Survey

Tenth District Manufacturing Activity Declined Again in November

by: Chad Wilkerson, Chase Farha and Jannety Mosley

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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](#)

[Historical Monthly Data](#)

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Authors



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.



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.
