



## Manufacturing Survey

# Tenth District Manufacturing Activity Was Essentially Unchanged in May

by: , Chase Farha and Jannety Mosley

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Regional factory activity was basically flat in May. Employment levels increased somewhat, and many firms expect to increase wages at a similar rate to the past in the year ahead.

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### Factory Activity Was Essentially Unchanged

Tenth District manufacturing activity was essentially unchanged in May, and expectations for future activity grew modestly. Price growth increased on a month-over-month basis but cooled on a year-over-year basis, and raw materials prices continue to grow at a faster pace than finished product prices (Chart 1, Tables 1 & 2).

The month-over-month composite index was -2 in May, up from -8 in April and -7 in March (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 slowed in paper, chemical, and fabricated metal manufacturing while activity expanded in printing, nonmetallic mineral, and furniture manufacturing. The month-over-month indexes were mixed, but most improved from last month. Production was flat and employment grew, while employee workweek, materials inventories, and supplier delivery time declined slightly. The volume of new orders fell at moderate pace, with a reading of -13. The year-over-year composite index for factory activity picked up to -6 from -12, driven mostly by rebounds in inventories and employment. Capital expenditures stayed steady after declining for three consecutive months. The future composite index increased from 2 to 6 in May, as firms anticipate significant increases in production and employment in future months.

### Special Questions

This month contacts were asked special questions about their ability to pass through costs to customers. 36% of District firms reported passing through 0-20% of their higher costs to their customers and another 27% report passing through 80-100% (Chart 2). Firms were also asked about their expectations for wage increases. 2% of firms expect wages to rise significantly faster over the next year compared to the past 12 months, 18% expect wages to rise slightly faster, 47% expect them to rise at a similar rate, 31% expect them to rise slightly slower, and 2% expect them to rise significantly slower (Chart 3).

## Selected Manufacturing Comments

“Our business has slowed down but returns every now and then, and it's hard to anticipate so we have increased our bar stock because we had the opportunity to buy in volume.”

“Things are slowing down a little more than we would like.”

“The first third of the year has been fruitful and with continued diligence, we expect it to continue. Have work in process for at least three months. On target for a record year.”

“We anticipate costs/commodities to continue to climb. It has been hard to pass through all cost increases, but we will have to be relatively aggressive in passing through cost increases due to margin compression a couple of years ago. Some of that has eased up but we can't really go backwards.”

“While materials prices are increasing, the pressure on bid prices does not allow me to increase, so my margin is lower.”

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About Manufacturing Survey](#)

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## Author



### Chase Farha

#### Research Associate II

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.

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