



## Tenth District Manufacturing Activity Declined Moderately in September

by: , Chase Farha and Jannety Mosley

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Regional factory activity fell moderately this month. The year-over-year composite index reached its lowest level since September 2020, as production and new orders decreased substantially but are expected to increase in the next six months.

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### Factory Activity Declined Moderately

Tenth District manufacturing activity declined moderately in September, while expectations for future activity stayed positive. Finished product prices decreased slightly this month after increasing in July, while raw materials prices continue to grow. (Chart 1, Tables 1 & 2)

The month-over-month composite index was -8 in September, down from -3 in August and up from -13 in July (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The decline was primarily driven by durable goods, particularly machinery, transportation, nonmetallic mineral, and wood manufacturing. All month-over-month indexes were negative and lower than last month's readings, except the raw materials prices and inventories indexes. Volume of shipments and new orders fell somewhat, while production declined from 6 to -18 and backlogs decreased substantially from -19 to -33. The two employment indexes also declined further. The year over-year composite index for factory activity declined to its lowest level since September 2020 at -17, driven by declines in production and new orders. The backlog of new orders index decreased from -29 to -36, its lowest level since June 2020. Employment levels decreased moderately while capital expenditures stayed steady with a reading of -1. The future composite index ticked up from 8 to 9, as production and employment are expected to increase substantially.

### Special Questions

This month contacts were asked how their current investment in technology will likely impact employment levels over the next year. Most firms (63%) said their technology investment will have no impact on employment, but around a quarter (23%) reported they expect a slight decrease while 11% expect a slight increase and 3% expect a substantial decrease (Chart 2). Firms were also asked if they've seen any change in the flow of job applicants per job opening since last year. 45% of firms reported an increase in the number of job openings, while 32% reported no change, 17% reported a decrease, and 6% have not had any openings (Chart 3).

## Selected Manufacturing Comments

“The first 6 months of 2024 saw a significant decrease in bookings. Bookings have begun to recover in the last 3 months, but due to internal lead times, this has put a strain on cashflow, and revenues will be down significantly for the calendar year.”

“We continue to believe that domestic industrial manufacturing is, and has been, in a recession for quite some time. It appears to be hitting harder than it has as shown by lower orders and fewer opportunities. Foreign dumping of product continues to be unfair and rampant.”

“Late July and August were relatively slow, and September and October are really strong. Some of that is typical seasonality, but the swings are more dramatic. Assuming customers are running down/carrying less inventory. We are investing in both equipment/automation and additional space. Capital expenditures are up. Have seen a drag in payments.”

“Most of our revenue comes from Fortune 500 companies. These customers have requested/demanded extended payment terms. Our largest customer requested that we go to Net 120 payment terms, which of course has a very negative impact on our company, most especially since our largest raw material vendor demands we pay in 15 days.”

“Raw material prices from vendors continue to rise. 3-5% price increases on average over the last few months.”

“Volume is very poor right now. August was our worst August in 20+ years. September will be the same.”

“Slowdown has been broad-based across all customer segments. Need volume to sustain.”

## 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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