



Tenth District Manufacturing Activity Declined Modestly in December

by: Megan Williams and Chase Farha

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Regional factory activity fell slightly this month, although it is down substantially again from this time last year. However, employment grew modestly, and firms' outlook for production and new orders is optimistic.

Tenth District manufacturing activity declined modestly in December, while expectations for future activity accelerated. Price increases accelerated from last month, and raw materials prices continue to increase at a faster pace than finished product prices. (Chart 1, Tables 1 & 2)

The month-over-month composite index was -4 in December, down from -2 in November and unchanged from -4 in October (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Nondurable goods manufacturing was basically flat while durable goods declined somewhat, driven by wood, mineral, and primary metal manufacturing. Most month-over-month indexes were negative. The production index ticked down from -4 to -5 while new orders fell from -9 to -17. Employment rose slightly with a reading of 3, while backlogs continued to sink to -22. The year-over-year composite index for factory activity ticked up from -18 to -16. The employment index drove the increase, rising from -12 to -1, and capital expenditures remained expansionary. Most other indexes declined with production, volume of shipments, new orders, and backlogs all below -20. The future composite index increased from 11 to 18, driven by high expectations for future production, shipments and new orders. Employment and capital expenditures are also expected to grow in the next six months.

Special Questions

This month contacts were asked about worker productivity. 57% of firms reported the productivity of their average workers has not changed in the past year, while 19% reported less productive workers and 25% reported more productive workers (Chart 2). Contacts were also asked how reliant their firms are on immigrant workers. 69% of firms said they are not reliant on immigrant workers, while 12% reported they are slightly reliant, 13% reported they are somewhat reliant, and 6% reported they are very reliant (Chart 3).

Selected Manufacturing Comments

“Business levels are still tough through the end of the year. Hoping for improvement, some of which is limited to our circumstances, but overall improvement is wanted.”

“Comparing May 2024 to what we think May 2025 will be like, May 2025 will have less volume, and margins will likely be challenged.”

“Strong dollar has slowed exports.”

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About Manufacturing Survey](#)

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