



Tenth District Manufacturing Contracted Slightly in May

by: Megan Williams and Chase Farha

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Factory Activity Contracted Slightly

The month-over-month composite index was -3 in May, up slightly from -4 in April and down from -2 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. Nondurable manufacturing declined—driven by food manufacturing—while durable manufacturing was mostly flat, with increases in metals and furniture manufacturing and decreases in electronic and transportation equipment. Production, volume of shipments, and new orders all fell moderately this month. Backlogs of orders declined substantially, while employment increased modestly and inventories were mostly flat. Most year-over-year indexes were negative, except for the prices indexes, capital expenditures, and raw materials inventory. Production continued to decrease along with the number of employees and average employee workweek. The future composite index ticked down from 6 to 5 in May as expectations for future production, shipments, and orders all stayed somewhat positive.

Special Questions

This month contacts were asked special questions about their firm's hiring and capital expenditures plans. About half of firms (52%) reported their hiring plans for the remainder of 2025 have not changed since the beginning of the year, while 34% expect them to decrease and 14% expect to increase hiring plans. Similarly, 60% of firms have not changed their capital expenditures plans since the beginning of the year, while 30% expect them to decrease and 10% expect them to increase (Chart 2). Firms were also asked if they are changing their prices more frequently compared to last year. 41% reported they have not changed the frequency with which they change prices, while 37% reported they are changing prices somewhat more often and 16% reported they are changing them much more often. Another 5% reported their prices are changing somewhat less often, and 1% reported changing much less often (Chart 3).

Selected Manufacturing Comments

“Current business volume not sustainable long-term.”

“Some inventory we are reducing considerably due to significantly lower sales. Some inventory is quite a bit higher due to opportunity buys.”

“Our business is in the biggest supply shortage in history. Demand is excellent at the moment, not sure how long that lasts given the shortages our customers are experiencing.”

“Year started strong but seems to be tapering off for at least the near term.”

“Domestic conditions are better, but still much potential for volatility.”

“Lots of uncertainty about landed costs of raw materials and capital expenditures. We will adjust who we buy from and what we charge our customers based on current situation, not future speculation.”

“Trade policy continues to impact business. The constant uncertainty around overall policy is negative for consumers and for us.”

“We are insourcing equipment builds which will drive growth and allow for us to purchase capex manufacturing equipment and hire three more employees.”

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About Manufacturing Survey](#)

Authors



Megan Williams

Associate Economist and Senior Manager

Megan Williams is Associate Economist and Senior Manager in the Regional Affairs department at the Kansas City Fed's Oklahoma City Branch office. In this role, she is responsible for current monetary policy research, district economic surveys, and a variety of economic research projects. She also serves as Secretary for the Oklahoma City Branch Board of Directors. Williams joined the Federal Reserve Bank in 2000 as an Analyst in the Retail Payments Support department, and assumed her current role in March 2006. She holds a bachelor's degree in Finance from Oklahoma State University and a MBA degree from the University of Oklahoma. Williams serves on the Board of Directors of the Oklahoma Council on Economic Education and is a former Board Chair. She lives in Choctaw, Oklahoma, with her husband and two children.



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.