



Tenth District Manufacturing Activity Continued to Decrease in June

by: Megan Williams and Chase Farha

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Tenth District manufacturing activity decreased, while expectations for future activity increased (Chart 1, Tables 1 & 2). Price growth for raw materials and finished goods accelerated in June following lower readings last month.

Factory Activity Continued to Decrease

The month-over-month composite index was -2 in June, up slightly from -3 in May and -4 in April (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Declines were primarily driven by metal and transportation equipment manufacturing, while nonmetallic mineral and petroleum product manufacturing increased. The month-over-month indexes were mixed. Production, volume of shipments, and supplier delivery time all increased modestly. However, backlog of orders, new orders, and both employment indexes declined. All year-over-year indexes posted negative readings, except for the price indexes. Production, new orders, employment, and backlogs all fell substantially. However, the future composite index grew from 5 to 9 in June as firms anticipate production and orders to pick back up in the next six months.

Special Questions

This month contacts were asked special questions about uncertainty and international trade. Nearly a third of firms (32%) have paused ongoing capital investment as a result of uncertainty, while a quarter have reduced job postings and 21% have reduced employee headcount. Further, 11% have cancelled ongoing capital investment, 13% reported they have taken other measures, and 54% have done none of the above (Chart 2). Additionally, just over half (52%) of firms surveyed reported that they are engaged in international trade, either with their inputs or outputs (Chart 3).

Selected Manufacturing Comments

“The amount of imported products in our inventory is insignificant. Mostly domestic items, so tariffs are not a concern.

Borrowing rates are a concern as we have a new facility build out in the future and rates will be a key issue.”

“Technical staffing, regardless of the global activity, continues to be one of the most significant factors.”

“Some cutbacks from customers because of oil price uncertainties.”

“Tariff uncertainty is damaging to our business significantly. We landed a large year-long contract for weapons components early in the year. It was cancelled due to large tariffs on the raw material used - titanium.”

“Tariffs are increasing costs and creating uncertainty. Our customers are canceling orders due to tariff uncertainty.”

“Policy uncertainty makes future planning very difficult.”

“Our USA domestic sourcing has gone from 44% to 50% over the past 12 months.”

“Very concerned about basic production line worker availability. The labor markets are feeling as though things are getting tighter again.”

“Lots of angst from customers about costs/pricing. Significant number of products are being reformulated to reduce costs vs. passing through price increases to end consumer.”

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About Manufacturing Survey](#)

Authors



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