Tenth District Manufacturing Activity Edged Higher in September

by: Cortney Cowley and Megan Williams

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Tenth District manufacturing activity edged higher, and expectations for future activity remained modestly positive. Price growth for finished products and raw materials fell slightly from last month, while raw materials prices grew at a faster pace from this time last year.

Factory Activity Edged Higher

The month-over-month composite index was 4 in September, up from 1 in August and 1 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 durable manufacturing sector grew slightly while nondurable manufacturing activity slowed, driven primarily by chemical manufacturing and printing activities. Most month-over-month indexes were positive except backlog of orders and new orders for exports. Production and employment increased further. Most year-over-year indexes were negative except for the capital expenditures index. Production, supplier delivery time, and employment indexes continued to decline. Expectations for future activity eased somewhat but remained positive, with the composite index decreasing from 11 to 7, as expectations for production and new orders decreased.

Special Questions

This month, contacts were asked special questions about expectations for employment and product demand for 2026. Approximately 46% of firms expect their employment levels to be slightly higher by the end of 2026, while 2% of firms expect their employment levels will be significantly higher, 35% of firms expect there to be no change, 15% expect they will be slightly lower, and 2% of firms expect they will be significantly lower (Chart 2). Half of firms expect demand for their products to be slightly higher in 2026 compared to 2025. Around 7% of firms expect product demand to be significantly higher, 20% expect no change, another 20% expect product demand to be slightly lower, and 3% expect it to be significantly lower (Chart 3).

Selected Manufacturing Comments

"Business slowed down in July last year. No loss of customers, just lower demand. Business started back to pre-July 2024 numbers in July 2025. Our down cycle appeared to be 12 months. Backlog looks decent for remainder of 2025."

"Volume must improve to sustain business."

“Uncertainty in end use markets making future forecasting more speculative than usual.”

“Finding employees continues to be very difficult. Our output has been negatively affected by adequate staffing levels leading to a loss of sales and extended lead times.”

“We had a 5% price increase in May. The bottom-line gains from that increase have mostly been consumed by raw material price increases. We don't feel we can continue to pass along increases as a result.”

“The industrial economy is still not well.”

“Business is good, but because we are adding new customers. Existing customers are down, some significantly.”

“There is a high degree of uncertainty in the construction industry, outside of data warehouse and server farms all segments are decreasing.”

“Seeing finished goods from Asia have tremendous volatility and makes it difficult to plan.”

Survey Data

Current Release

Historical Monthly Data

About Manufacturing Survey

Authors

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Cortney Cowley serves as Oklahoma City Branch Executive and Assistant Vice President for the Federal Reserve Bank of Kansas City. Cowley joined the Bank in 2015 as an economist and was promoted to senior economist in 2021. In 2025, Cowley began her role as Branch Executive.As Oklahoma City Branch Executive, Cowley is the Bank's lead officer and economist in Oklahoma. She recruits and works closely with the Oklahoma City Branch Board of Directors and is responsible for briefing Kansas City Fed President Jeff Schmid, a member of the Federal Open Market Committee, on economic trends in the state. She also serves as a special advisor on agriculture to Vice Chair for Supervision Miki Bowman at the Federal Reserve Board of Governors. Cowley's team conducts research and surveys on key regional issues such as energy, manufacturing and migration.Cowley holds a Ph.D. in Agricultural Economics from Oklahoma State University, as well as a master's degree in Civil Engineering from Colorado State University and a bachelor's degree in Biosystems Engineering from Oklahoma State University, where she was named a Harry S. Truman Scholar. She is a member of the Economic Club of Oklahoma, Downtown Club of Oklahoma City, the Agricultural and Applied Economics Association and serves as an economic advisor on the campaign cabinet of the United Way of Central Oklahoma. Cowley, along with her husband and eight-year-old twins, lives on a small farm northwest of Oklahoma City.

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