



Tenth District Manufacturing Activity Was Mostly Unchanged in December

by: Cortney Cowley and Megan Williams

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Tenth District manufacturing activity was mostly unchanged, and expectations for future activity remained expansionary. Price growth for finished products and raw materials increased this month, with raw materials prices still rising faster than finished goods.

Factory Activity Was Mostly Unchanged

The month-over-month composite index was 1 in December, down from 8 in November and 6 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. Growth eased from last month in both durable and nondurable manufacturing, particularly driven by decreases in food, metal, and transportation equipment manufacturing. The month-over-month indexes were mixed. Production and employment both entered slight negative territory following strong readings last month. Volumes of shipments and new orders were both unchanged from last month at 0. The year-over-year indexes were mostly negative and lower than last month. Production and shipments declined, and employment fell from 5 to -7. However, capital expenditures increased from 9 to 14 and new orders ticked up from -3 to 2. Expectations for future activity remained expansionary with the composite increasing from 9 to 13, as the production, new orders, and employment indexes increased from last month.

Special Questions

This month, contacts were asked special questions about employee turnover, productivity, and capital expenditures. On net, firms reported a decrease in turnover and an increase in productivity over the past year. About a quarter (24%) of firms reported decreased employee turnover over the past year, while 15% reported an increase and 61% reported no change. Around a third (34%) of firms reported average productivity increased, while 15% reported a decrease and 51% reported no change (Chart 2). Firms also reported mixed expectations for capital expenditures in 2026, with 11% expecting them to be significantly higher, 26% expecting slightly higher, 29% expecting no change, 16% expecting slightly lower, and 18% expecting significantly lower capital expenditures (Chart 3).

Selected Manufacturing Comments

“This has been a record year. The coming year is going to be questionable.”

“In 2026, we will make significant capital expenditures for productivity improvement and automation.”

“Steel markets are concerning with pricing changes and availability of aluminum.”

“We will not be spending as much in 2026 on capital outlay.”

“Our costs are way up and customer purchasing is down.”

“We would expand more aggressively if we could get satisfactory financing.”

“Domestic sales have come back after a slow 2024, however we have lost major international sales in 2025.”

“The skill level of the average employee is down from historic levels, leading to a drop in productivity. We are working on more robust training programs, process improvements, and some automation to compensate for the situation.”

“We're pumping more out with only a small increase in head count. We have increased automation across a few different fronts.”

“Machine and home-developed software are increasing operator productivity. AI and other outside technological developments have yet to deliver productivity gains relative to their investment requirement.”

“Easier to find experienced and higher quality workers. Our production needs are up, and we seem to be hiring into a downturn. Our long-term employees are steady and gaining more productivity. The noticeable increase is in new hires, which are higher quality.”

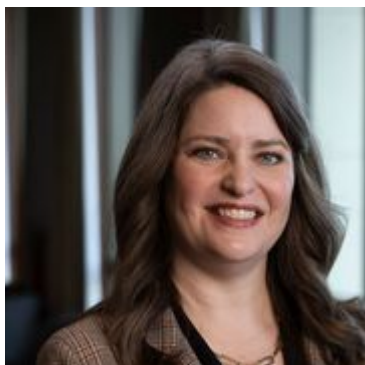
Survey Data

[Current Release](#)

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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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